



宁波屹东电子股份有限公司

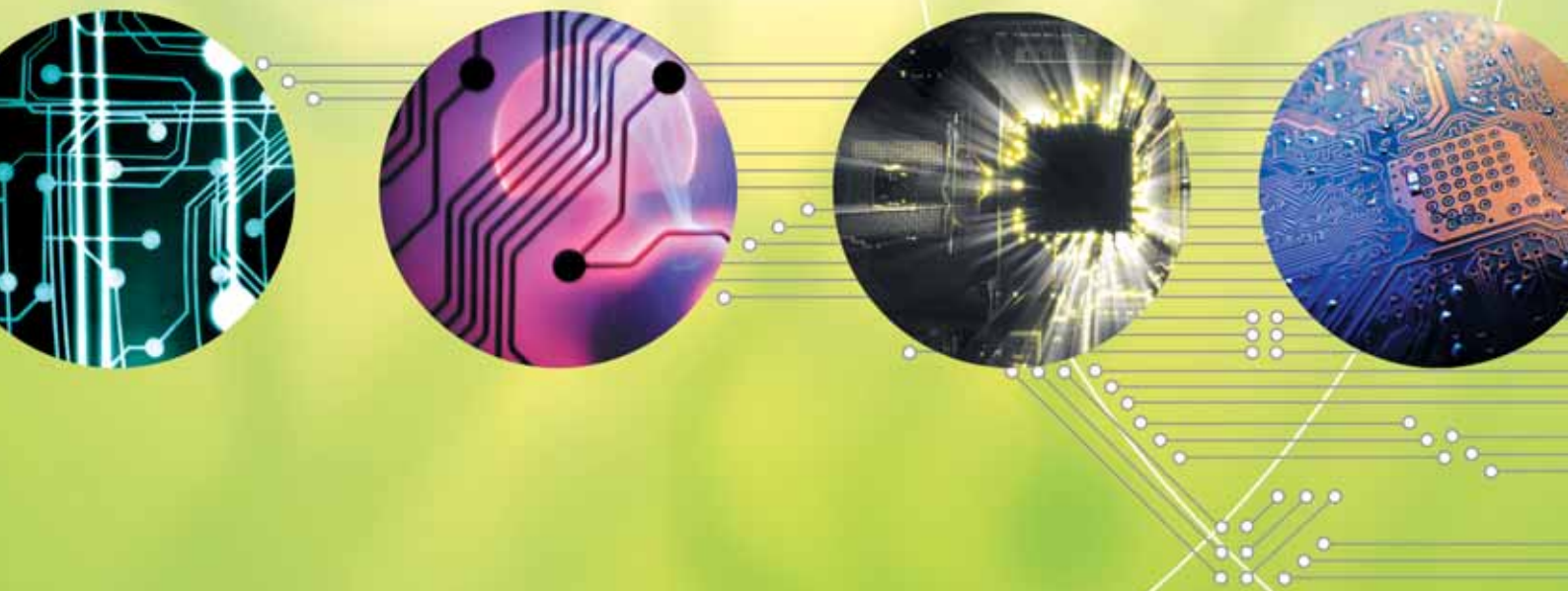
NINGBO YIDONG ELECTRONIC COMPANY LIMITED*

(於中華人民共和國註冊成立的股份有限公司)

(a joint stock limited company incorporated in the People's Republic of China)

股份代號 stock code: 8249

Annual Report 2006
二零零六年年報



Characteristics of the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. GEM-listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to GEM website <http://www.hkgem.com> in order to obtain up-to-date information on GEM-listed issuers.

The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Directors”) of Ningbo Yidong Electronic Company Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

香港聯合交易所有限公司（「聯交所」）創業板（「創業板」）的特色

創業板乃為帶有高投資風險的公司提供一個上市之市場，尤其在創業板上市的公司毋須有過往盈利記錄，亦毋須預測未來盈利。此外，在創業板上市的公司可因其新興性質及該等公司經營業務的行業或國家而帶有風險。有意投資的人士應瞭解投資於該等公司的潛在風險，並應經過審慎周詳的考慮後方作出投資決定。創業板的較高風險及其它特色表示創業板較適合專業及其它經驗豐富的投資者。

鑑於創業板上市的公司屬於新興性質，在創業板買賣的證券可能會較在聯交所主板買賣之證券承受較大市場波動風險，同時無法保證在創業板買賣的證券會有高流通量之市場。

創業板發佈資料的主要方法為在聯交所為創業板而設的互聯網網頁上刊登。創業板上市公司毋須在憲報指定報章刊登付款公佈披露資料。因此，有意投資人士應注意彼等須閱覽創業板網頁 (<http://www.hkgem.com>)，方能取得創業板上市發行人的最新資料。

聯交所對本報告的內容概不負責，對其準確性或完整性亦不發表任何聲明，並明確表示概不就因本報告全部或任何部分內容而產生或因倚賴該等內容而引致的任何損失承擔任何責任。

本報告包括之資料乃遵照聯交所創業板證券上市規則（「創業板上市規則」）的規定而提供有關寧波屹東電子股份有限公司（「本公司」）的資料，本公司各董事（「董事」）願就本報告共同及個別承擔全部責任。董事經作出一切合理查詢後確認，就彼等所深知及確信：(1)本報告所載資料在各重大方面均屬準確及完整，且無誤導成分；(2)本報告並無遺漏任何其它事實，致使本報告所載任何內容產生誤導；及(3)本報告所表達的一切意見乃經審慎周詳考慮後作出，並建基於公平和合理的基準及假設。

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Corporate Information

公司資料

EXECUTIVE DIRECTORS

Mr. Wang Ya Qun (*Chairman*)
Mr. Liu Xiao Chun
Mr. Gong Zheng Jun (appointed on 20 November 2006)

Mr. Chen Zheng Tu
Mr. Chen Da Jun (appointed on 31 March 2006
and resigned on 20 November 2006)
Mr. Wang Pei Zhang (resigned on 31 March 2006)

NON-EXECUTIVE DIRECTOR

Mr. Li Ming

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tang Zhen Ming
Mr. Ding Gang Yi
Mr. Ku Kin Shing (appointed on 2 June 2006)
Mr. Wang Ning (appointed on 31 March 2006
and resigned on 20 November 2006)
Mr. Mok Wai Man, Derek (resigned on 2 June 2006)

SUPERVISORS

Mr. Zhang Xing Jiang
Ms. Wang Ying
Mr. Chen Qian (resigned on 6 March 2007)

MEMBERS OF THE AUDIT COMMITTEE

Mr. Ding Gang Yi (*Chairman*)
Mr. Tang Zhen Ming
Mr. Ku Kin Shing
Mr. Mok Wai Man, Derek (resigned on 2 June 2006)

COMPLIANCE OFFICER

Mr. Wang Ya Qun

QUALIFIED ACCOUNTANT

Mr. Lam Chi Tat

COMPANY SECRETARY

Mr. Lam Chi Tat

執行董事

王亞群先生 (*主席*)
劉曉春先生
宮正軍先生 (於二零零六年十一月二十日獲委任)
陳正土先生
陳達均先生 (於二零零六年三月三十一日獲委任
·其後於二零零六年十一月二十日辭任)
王佩章先生 (於二零零六年三月三十一日辭任)

非執行董事

李明先生

獨立非執行董事

唐振明先生
丁剛毅先生
谷建聖先生 (於二零零六年六月二日獲委任)
王寧先生 (於二零零六年三月三十一日獲委任
·其後於二零零六年十一月二十日辭任)
莫偉民先生 (於二零零六年六月二日辭任)

監事

張興江先生
王穎女士
陳謙先生 (於二零零七年三月六日辭任)

審核委員會成員

丁剛毅先生 (*主席*)
唐振明先生
谷建聖先生
莫偉民先生 (於二零零六年六月二日辭任)

監察主任

王亞群先生

合資格會計師

林子達先生

公司秘書

林子達先生

AUTHORIZED REPRESENTATIVES

Mr. Liu Xiao Chun
Mr. Lam Chi Tat

授權代表

劉曉春先生
林子達先生

LEGAL ADVISERS TO THE COMPANY

Zhejiang Shiguang (As to PRC Law)

本公司法律顧問

浙江時興律師事務所(中國法律)

AUDITORS

Deloitte Touche Tohmatsu

核數師

德勤•關黃陳方會計師行

REGISTERED OFFICE

No. 65 Siming East Road
Yuyao City
Zhejiang Province
China

註冊辦事處

中國
浙江省
余姚市
四明東路65號

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 917-918 9/F
Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

香港主要營業地點

香港
灣仔
港灣道6-8號
瑞安中心
9樓917-918室

COMPANY HOMEPAGE/WEBSITE

www.yidongelec.com

公司主頁／網站

www.yidongelec.com

HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

Abacus Share Registrars Limited

香港H股過戶登記處

雅柏勤證券登記有限公司

PRINCIPAL BANKER

Industrial and Commercial Bank of China

主要往來銀行

中國工商銀行

GEM STOCK CODE

8249

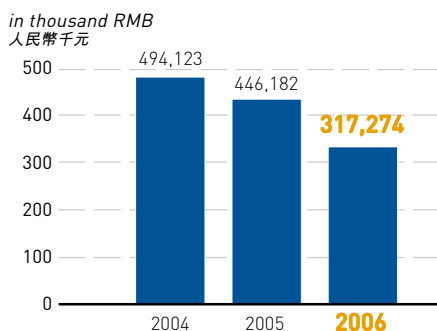
創業板股份代號

8249

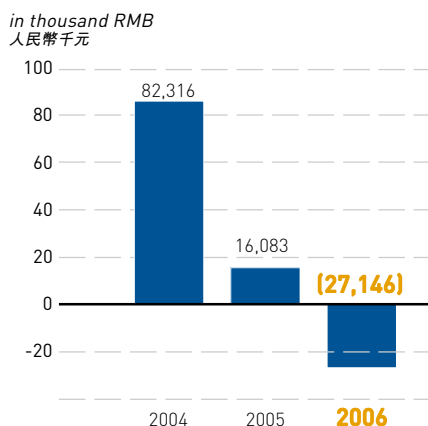
Financial Highlights

財務概要

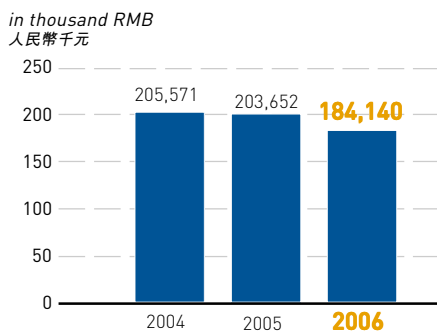
Turnover 營業額



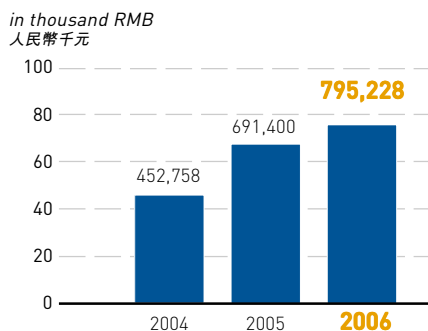
Profit (Loss) Before Tax 除稅前溢利(虧損)



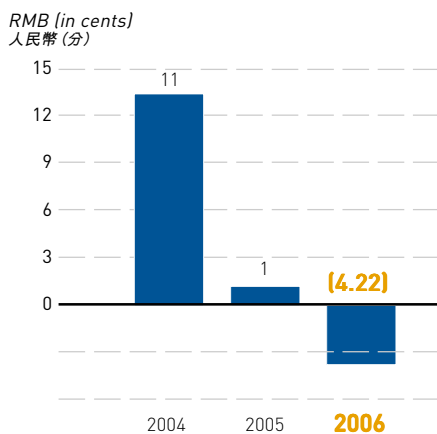
Equity attributable to equity holders of the Company 本公司股東應佔權益



Total Assets 總資產



Earnings (Loss) Per Share (Basic) 每股盈利(虧損)(基本)



Chairman's Statement

主席報告



Wang Ya Qun
王亞群

Chairman
主席

The year just passed is Year of Re-structuring for the Group, and we are glad to meet its shareholders to report the progress. Since its establishment in 2000, the Group dedicated to develop into a high technology manufacturer of intelligent electronically-controlled consumer products with reputable banded image in the market in 5 to 8 years.

To date, we have established a comprehensive consumer electronics product mix of computer-controller and other intelligent consumer electronics products, PHS, GSM and 3G phones, LCD TV, execute Phase I migration and trail production in July 2007 in the 110-acres modernised production facility in Yuyao Economic Development Zone. The Group owns a sizable and efficient distribution network and outlets for our products, and builds up an elite team of research and development talents.

High profile development unavoidably necessitates enormous investment in infrastructure and product development, ties up huge financial resources, and features high running cost stemming from a professional team with expertise and knowledge. These strategies surely benefited the Group in the long term but also led to the unpromising financial results and performance in 2006.

過去一年是本集團調整發展策略重要的一年，本人代表董事會在此向各位股東匯報有關之進度。自2000年成立至今，本集團訂定以五至八年的時間，建設為一間技術先進，兼具知名度的電子產品企業集團。

今天本集團已建成完整系列之控制器及消費電子產品，PHS、GSM及3G手機、LCD電視機，將於2007年7月，進行第一期搬遷往余姚經濟開發區110畝新廠試產，本集團已擁有具規模及高效率，專為本廠電子產品分銷之市場網絡，及培養出具產品開發能力之科研隊伍。

高規格的發展，無可避免需投資大量資源於基本建設及產品開發方面；同時其日常運作亦佔用龐大經營資金；另一方面，因要求較高專長及知識，團隊建設及運作成本也較高。對長遠發展而言，這策略當然是必須及有利的，但因此引致二零零六年收益欠佳。

Chairman's Statement 主席報告

Hopefully, the Group enters a rapidly growing year in 2007. Our strong management and staff, full range of advanced technology products, superior branded position in the market, modernised production base, sizable distribution outlets, and abundant capital resources should start booming businesses in the near future, and our targets and efforts should contribute to achievement and rewards to the shareholders.

Thanks to continued support of our shareholders, customers, and suppliers. Lastly, I wish every success for all of you.

Wang Ya Qun
Chairman

Ningbo, The People's Republic of China
16 April 2007

寄望二零零七年，應是轉入高速發展的年頭，我們強大的管理及員工隊伍，完整的先進產品系列，具知名度的品牌地位，現代化之生產基地，大型市場網絡及充裕資本來源的支持，都保證剛啟動高速發展之昇浪，將持續不斷及穩步擴大，從而實現我們奮鬥之目標，促成股東合理的投資回報。

最後，我多謝各位股東、客戶及供應商多年來的支持，祝願各位身體健康，事事順利！

主席
王亞群

中華人民共和國寧波
二零零七年四月十六日

Management's Discussion and Analysis

管理層討論及分析

BUSINESS AND OPERATIONS REVIEW

Turnover

For the year ended 31 December 2006, the Group recorded revenue of approximately RMB317,274,000 (2005: RMB446,182,000), representing a decrease of approximately 28.9% over the previous year. The decrease in the Group's revenue is mainly attributable to the further drop in sales of controllers systems during the year, while the sales in the mobile phones segment decreased by 23.2% and amounted to RMB300 million (2005: RMB391 million).

The following tables analysed the Group's turnover by business activity and geographical region for each of the three years ended 31 December 2006:

業務及營運回顧

營業額

截至二零零六年十二月三十一日止年度，本集團錄得收益約人民幣317,274,000元（二零零五年：人民幣446,182,000元），較去年下跌約28.9%。本集團收益出現倒退，主要由於年內控制器系統銷售額進一步下跌，而流動電話分部之銷售則減少23.2%至人民幣300,000,000元（二零零五年：人民幣391,000,000元）。

下表為截至二零零六年十二月三十一日止三個年度各年，本集團按業務活動及地區劃分的營業額分析：

| By business activity | 以業務活動分類 | Year ended 31 December 2004 截至二零零四年 十二月三十一日止年度 | | Year ended 31 December 2005 截至二零零五年 十二月三十一日止年度 | | Year ended 31 December 2006 截至二零零六年 十二月三十一日止年度 | |
|--|----------------------------|---|--------------|---|--------------|---|------------|
| | | RMB'000 人民幣千元 | % | RMB'000 人民幣千元 | % | RMB'000 人民幣千元 | % |
| Air-conditioner controller systems | 空調器控制器系統 | 144,862 | 29.3 | 20,706 | 4.7 | 66 | 0 |
| Refrigerator controller systems | 電冰箱控制器系統 | 2,974 | 0.6 | 23,072 | 5.1 | - | 0 |
| Smoke extractor controller systems | 抽油煙機控制器系統 | 2,614 | 0.5 | 2,024 | 0.5 | 131 | 0 |
| Fan controller systems | 電風扇控制器系統 | 184 | 0.0 | - | - | - | 0 |
| Television controller systems | 電視機控制器系統 | 31 | 0.0 | 264 | 0.1 | 1,093 | 0.3 |
| Manufacture of mobile phone controller systems and assembly of mobile phones | 製造流動電話 控制器系統及 裝嵌流動電話 | 317,433 | 64.3 | 390,558 | 87.5 | 300,082 | 94.7 |
| Other controller systems | 其它控制器系統 | 26,025 | 5.3 | 9,558 | 2.1 | 15,902 | 5.0 |
| TOTAL | 合計 | 494,123 | 100.0 | 446,182 | 100.0 | 317,274 | 100 |

Management's Discussion and Analysis

管理層討論及分析

| By geographical region | 以地區分類 | Year ended 31 December 2004 截至二零零四年 十二月三十一日止年度 | | Year ended 31 December 2005 截至二零零五年 十二月三十一日止年度 | | Year ended 31 December 2006 截至二零零六年 十二月三十一日止年度 | |
|------------------------|-----------|---|--------------|---|------------|---|------------|
| | | RMB'000 人民幣千元 | % | RMB'000 人民幣千元 | % | RMB'000 人民幣千元 | % |
| Zhejiang Province | 浙江省 | 113,208 | 22.9 | 117,541 | 26.3 | 17,808 | 5.6 |
| Shandong Province | 山東省 | 30,859 | 6.2 | 9,058 | 2.0 | 1,389 | 0.4 |
| Guangdong Province | 廣東省 | 137,041 | 27.7 | 93,679 | 21.0 | 84,645 | 26.7 |
| Jiangsu Province | 江蘇省 | 67,541 | 13.7 | 13,587 | 3.1 | 226 | 0.1 |
| Shanghai | 上海 | 74,052 | 15.0 | 19,624 | 4.4 | 69,492 | 21.9 |
| Anhui | 安徽 | - | - | - | - | 9,976 | 3.1 |
| Hong Kong | 香港 | 68,100 | 13.8 | 172,825 | 38.8 | 131,526 | 41.5 |
| Taiwan | 台灣 | - | - | 18,484 | 4.1 | - | - |
| Others* | 其它地區* | 3,322 | 0.7 | 1,384 | 0.3 | 2,212 | 0.7 |
| TOTAL | 合計 | 494,123 | 100.0 | 446,182 | 100 | 317,274 | 100 |

* Others include Beijing, Henan Province, Shanxi Province and other overseas districts.

* 其它地區包括北京市、河南省、山西省等省及其它海外地區。



Gross profit margin was 13.5% (2005: 10.2%) and there is a mild increase in the profit margin due to product mix change. The Group continues to procure cost control to mitigate the impact of price competition caused by intense competition in the mobile phone industry.

Other revenues mainly include processing income and recorded a decrease of 66.8% over the previous year. Selling expenses recorded a mild increase of 27.8%, while administrative expenses rose by 27.9% over the previous year. For the year ended 31 December 2006, finance costs amounted to RMB17,638,000 (2005: RMB10,786,000), which represented an increase of 63.5% over the previous year and was mainly attributable to additional bank borrowings raised for the construction of new factory premises and the rising demand for other working capital.

As at 31 December 2006, loss attributable to shareholders of the Group amounted to RMB21,087,000 (2005: profit of RMB7,241,000). Emergence of loss attributable to shareholders was principally due to the decrease in revenue and the increase in administrative expenses, which was partly due to impairment loss for receivables recognised and research and development cost incurred for the year.

毛利率為13.5% (二零零五年: 10.2%)，由於產品組合有所轉變，邊際利潤輕微上升。本集團仍繼續控制採購成本，減輕價格競爭的影響，作為針對流動電話業務激烈競爭的措施。

其它收入主要包括加工費用等收入，較去年減少66.8%，銷售費用較去年輕微上升27.8%，行政費用較去年增加27.9%。截至二零零六年十二月三十一日止年度，融資成本為人民幣17,638,000元 (二零零五年: 人民幣10,786,000元)，較去年上升63.5%，主要歸因於就新建廠房的建設籌集額外銀行借貸及其它營運資金需求上升。

截至二零零六年十二月三十一日，本集團股東應佔虧損為人民幣21,087,000元 (二零零五年: 溢利人民幣7,241,000元)，出現虧損的主要原因是由於收益下跌，而行政費用則上升所致，行政費用上升的部分原因為確認應收賬款之減值虧損及年內產生研發成本。

Management's Discussion and Analysis

管理層討論及分析

SIGNIFICANT INVESTMENT HELD AND ACQUISITION

As at 31 December 2006, save as disclosed in this report, the Group did not have any significant investment and acquisition.

CHANGES IN THE GROUP STRUCTURE

During the year, the Group established Shenzhen Denuo Technology Co., Ltd ("Denuo") which focuses on the sales of mobile phones within the PRC. The registered share capital of Shenzhen Denuo was RMB2,000,000, and 66.7% of the company's shares were owned by the Group.

FINANCIAL REVIEW

Current assets and liabilities

As at 31 December 2006, the Group had current assets of RMB504,939,000 (2005: RMB432,552,000), representing an increase of 16.7% compared with last year. The increase was mainly attributable to the rise in bank balances and cash arising from bank borrowings raised during the year. As at 31 December 2006, the Group had current liabilities of RMB602,479,000 (2005: RMB475,019,000), which represented an increase of 26.8% and was mainly due to the increase in short-term bank borrowings raised for the construction of new factory premises and working capital. As at 31 December 2006, the unutilised bank loan facilities and cash flow generated in the ordinary course of business were sufficient for the capital requirement of daily operations and the new facilities despite its net current liability status.

Finance and banking facilities

As at 31 December 2006, the Group had cash and bank balances of RMB222,937,000 (2005: RMB113,577,000), short-term bank borrowings of RMB291,570,000 (2005: RMB170,760,000), and net borrowings of RMB68,633,000 (2005: RMB57,183,000) respectively. The borrowings were secured by certain property, plant and equipments and bank deposits of the Group. The Group will seek to replace the existing short-term bank facilities by long-term bank loans and secure bank loans with lower costs of borrowings, so as to improve the Group's financial position and reduce financial costs.

所持有重大投資及收購

於二零零六年十二月三十一日，除於本報告已披露外本集團並無任何重大投資及重大收購。

本集團架構變動

於本年度，本集團成立深圳市德諾通訊有限公司（「德諾」），專門於中國從事流動電話手機銷售業務。德諾的註冊資本為人民幣2,000,000元，本集團擁有該公司66.7%股份。

財務回顧

流動資產及負債

於二零零六年十二月三十一日，本集團的流動資產為人民幣504,939,000元（二零零五年：人民幣432,552,000元）較上年度上升16.7%，上升的主要原因為銀行結餘及現金因年內向銀行借貸增加。於二零零六年十二月三十一日，本集團的流動負債為人民幣602,479,000元（二零零五年：人民幣475,019,000元），上升26.8%，上升的主要原為用於新廠房建設及營運資金的短期銀行貸款上升所致。於二零零六年十二月三十一日，雖然本集團出現淨流動負債情況，但末用銀行貸款額度及正常營運業務提供的現金流，足夠一般營運及新建廠房資金所需。

融資及銀行信貸

於二零零六年十二月三十一日，本集團有現金及銀行結餘為人民幣222,937,000元（二零零五年：人民幣113,577,000元），短期銀行貸款為人民幣291,570,000元（二零零五年：人民幣170,760,000元），淨借貸為人民幣68,633,000元（二零零五年：人民幣57,183,000元），有關借貸以本集團若干物業、廠房及設備以及銀行存款作為抵押。本集團將爭取安排長期銀行貸款以取代現有短期銀行貸款，同時將積極爭取成本較低的銀行貸款，以改善本集團的財務狀況及降低融資成本。

Gearing ratio

The Group's gearing ratio as at 31 December 2006 was 36.7% (2005: 24.7%), which is expressed as a percentage of the total bank borrowings over the total assets.

Contingent liabilities and commitments

Contingent liabilities and commitments of the Group during the year are set out in notes 36 and 38 to the consolidated financial statements.

Capital structure and financial resources

As at 31 December 2006, the Group had net assets of approximately RMB187,540,000 (2005: RMB210,515,000). The Group's operations and investments are financed principally by its internal resources, bank borrowings and shareholders' equity.

Foreign exchange risk

The Group's income and expenses were denominated in RMB while certain procurement transactions were settled in US dollars. The Group regulated its outstanding foreign exchange balance by conducting sales settled in US dollars to reduce its foreign exchange exposure. Since the existing bank loans are repayable in RMB, there was no material foreign exchange risk. The Group will review and monitor foreign exchange risk from time to time and may enter into forward swap contracts to hedge such risks where appropriate.

EMPLOYEES AND REMUNERATION POLICIES

An analysis of employees of the Group by their duties for each of the three years ended 31 December 2004, 2005 and 2006 is set out below:

Functions

資本負債比率

本集團於二零零六年十二月三十一日的資本負債比率為36.7% (二零零五年:24.7%)，乃以銀行借貸總額除資產總值的百分比列示。

或然負債及承擔

本集團年內的或然負債及承擔詳情載於綜合財務報表附註36及38。

資本結構及財務資源

於二零零六年十二月三十一日，本集團的資產淨值約為人民幣187,540,000 (二零零五年:人民幣210,515,000元)。本集團的營運及投資主要由其內部資源、銀行供貸及股東資本撥付。

外匯風險

本集團的收入及支出主要以人民幣為結算工具，部份採購需以美元支付。本集團透過部份以美元結算的銷售，調節及平衡外匯結餘金額，以減低匯兌風險；由於現有銀行貸款均以人民幣為償還貨幣，因此並不存在外匯結算的重大風險。本集團將不時檢討及監察外匯兌換等風險，於適當時期訂立適當的遠期調期合約，以對沖有關風險。

僱員及酬金政策

截至二零零四年、二零零五年及二零零六年十二月三十一日止三個年度各年，本集團僱員以職務分類的分析如下：

職能

| | | Headcount for the year ended 31 December 人數 截至十二月三十一日止年度 | | |
|--|------------|---|---------------|---------------|
| | | 2004 二零零四年 | 2005 二零零五年 | 2006 二零零六年 |
| Sales and marketing | 銷售及市場推廣 | 55 | 85 | 42 |
| R&D | 研發 | 52 | 60 | 78 |
| Production (including quality control) | 生產(包括質量控制) | 722 | 877 | 633 |
| Finance and administration | 財務及行政 | 81 | 90 | 80 |
| Procurement | 採購 | 20 | 30 | 38 |
| | | 930 | 1,142 | 871 |

Management's Discussion and Analysis

管理層討論及分析

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2006, the Group had 871 employees (2005: 1,142 employees). Remuneration is determined by reference to market terms and the performance, qualifications and experience of individual employee. Discretionary bonuses based on individual performance will be paid to employees in recognition and reward of their contribution. Other benefits include contributions to retirement scheme.

STAFF QUARTERS

Workers and staff of the Group are provided with accommodation within the vicinity of the Group's production facilities premises at No. 65 Siming Road East, Yuyao City. The Directors confirm that, apart from the above accommodation, there was no other housing benefit provided by the Group to its staff.

RELATIONSHIP WITH EMPLOYEES

The Group has not experienced any significant labour disputes or strikes which have led to the disruption of its normal business operations. The Directors consider that the Group maintains good relationship with its employees.

僱員及酬金政策

於二零零六年十二月三十一日，本集團有871名僱員（二零零五年：1,142名僱員）。酬金是經參考市場條款及個別僱員的表現、資格及經驗而釐定。按個別表現釐定之酌情花紅將付予僱員，作為其貢獻之肯定及獎勵。其它福利包括向退休計劃供款。

員工宿舍

本集團的工人及員工獲提供宿舍，地點在本集團位於余姚市四明東路65號的生產設施物業的鄰近地區。董事確認，除上述宿舍外，本集團並無向其員工提供其它房屋福利。

與僱員的關係

本集團概無經歷任何重大勞資糾紛或罷工，導致其日常業務運作受干擾。董事認為，本集團與其僱員的關係良好。

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical Details of Directors, Supervisors and Senior Management are set out on page 18 to page 20.

EMOLUMENTS OF DIRECTORS, SUPERVISORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors, Supervisors and the five highest paid individuals in the Company are set out in note 12 to the consolidated financial statements.

PROSPECTS

In the foreseeable future, the expanded production capacity of the new factory premises and the possession of the 3G mobile phone production license will enable the Group to embrace opportunities arise from the PRC economic growth. The Group will continue to rely on its competitive advantages of research and development know-how, well-established customer base and highly recognised product portfolio to capture larger market shares in the intelligent electronic consumer product market.

董事、監事及高級管理人員履歷

董事、監事及高級管理人員履歷載於第18頁至第20頁。

董事、監事及五名最高薪人士的酬金

董事、監事及五名最高薪人士的酬金詳情載於綜合財務報表附註12。

前景

於可預見將來，新廠房擴充產能，加上取得3G流動電話生產許可證，致使本集團能抓緊中國經濟增長所帶來之機遇。本集團將繼續憑藉其於善用研發知識、已具規模的客戶基礎及備受推崇的產品組合各方面之競爭優勢，進一步擴展於智能電子消費產品市場之市場佔有率。

Corporate Governance Report

企業管治報告

CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2006, the Company had complied with the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules (the "Code") in all material aspects except that no remuneration committee had been set up as required by rule B1.1 of the Code.

BOARD OF DIRECTORS

As at 31 December 2006, the Board comprises eight members, including the chairman and three executive directors, one non-executive director and three independent non-executive Directors (the "INED(s)"). Each of the members possesses sufficient experience and qualification which enable them to discharge their duties properly.

The chairman is responsible for the formulation and review of the Group's overall development strategies. The daily operation is delegated to the chief executive officer and the executive directors. None of the INEDs is interested in the business of the Group and their independence has to be confirmed upon appointment or reappointment. Currently, there is no financial, business, family or other relevant material relationship among the existing directors.

According to the articles of association of the Company, all the directors shall be elected at the general meeting of the shareholders and the term of office shall be three years, renewable upon reappointment or re-election.

Board meetings are conducted on a periodic basis and with reference to the operation needs. During the year, the board held eight meetings and the attendance of the directors is set out on page 16.

AUDIT COMMITTEE

The principal duties of the Audit Committee are to oversee the financial reporting and internal control system of the Group. The Audit Committee comprises three independent non-executive directors, Mr. Ding Gang Yi (Chairman of the committee), Mr. Tang Zhen Ming and Mr. Ku Kin Shing. Mr. Ku is a committee member with professional accounting qualification. The audit committee held four meetings during the year ended 31 December 2006 and the attendance of the committee members is set out on page 16.

企業管治常規

除並無按創業板上市規則附錄15所載的企業管治常規守則(「守則」)第B1.1條的規定設立薪酬委員會外,本公司於截至二零零六年十二月三十一日止年度一直遵守守則的一切主要規定。

董事會

於二零零六年十二月三十一日,董事會由八名成員組成,包括主席及其它三名執行董事、一位非執行董事及三名獨立非執行董事。董事會成員均具有足夠經驗及資歷履行有關任命。

主席先生負責製訂及檢討本集團的整體策略發展,日常營運則由總裁及執行董事負責,各獨立非執行董事概無於本集團擁有任何權益,並於出任及留聘有關任命時確認彼之獨立地位,此外,現有董事成員間並無財務、業務、家族或其它相關重大關係。

根據本公司的公司章程細則規定,所有董事須於股東大會上選舉產生,任期三年,於任期屆滿時重選連任。

董事會定期及按業務所需舉行會議,年內,董事會舉行了八次會議,董事出席記錄載於第16頁。

審核委員會

審核委員會之主要職責為監控本集團之財務報告程序及內部監控系統。審核委員會由三名獨立非執行董事組成,其中包括丁剛毅先生(委員會主席)、唐振明先生及谷建聖先生,谷先生為具有會計專業資格的委員。截至二零零六年十二月三十一日止年度,審核委員會共舉行四次會議,第16頁刊載了各委員的出席紀錄。

REMUNERATION OF DIRECTORS

As the number of the directors is limited, remuneration committee has not yet been set up by the Company. The remuneration policy of the directors is formulated by the Board and subject to approval by the shareholders at the general meeting. The Board takes into account of the respective duties, performance and contribution to the Company of each of the directors with reference to the market rates when deciding their remuneration.

Mr. Ku Kin Shing was appointed as the INED on 2 June 2006 and Mr. Gong Zheng Jun was appointed as the executive director on 20 November 2006. In the opinion of the Board, the remuneration determination has been with a high degree of independence. Yet on the long-term basis, it believes that the establishment of the remuneration committee can enable the introduction of a reasonable and encouraging remuneration policy which is beneficial to the Group's development.

NOMINATION OF DIRECTORS

The Nomination Committee has not yet been set up by the Board. As a result, the nomination for a new member has to be considered and approved by all members of the Board. The candidate for the addition to the Board shall possess appropriate qualification and experience and shall only be duly appointed after the consideration and assessment of the Board.

During the year under review, Mr. Gong Zheng Jun and Mr. Ku Kin Shing were recommended to join the board member as Executive Director and INED respectively, and their appointments were made after the detailed assessment by the Board.

董事薪酬

鑑於董事成員數目不多，本公司暫未成立薪酬委員會，董事會負責釐定董事薪酬政策及由股東大會通過，於製訂各位董事薪酬時，董事會根據各董事的職務範圍、表現及對本公司所作貢獻，以及參考市場水平而製訂。

於二零零六年六月二日及二零零六年十一月二十日，本公司分別委任谷建聖先生為獨立非執行董事及宮正軍先生為執行董事，董事會認為就薪酬釐定方面已具有相當獨立性，但長遠而言，董事會認為成立薪酬委員會可製訂合理及具激勵性的董事薪酬政策，對本集團的發展具有積極的意義。

董事提名

董事會目前暫未設立提名委員會，因此提名新董事須經董事會全體考慮及決定，新增董事會成員必須具有適合的資歷及經驗，並通過董事會的討論及評估才正式委任。

於回顧年度內，宮正軍先生及谷建聖先生分別被推薦加入董事會出任總裁兼執行董事以及獨立非執行董事，彼等任命乃經過董事會的詳細評估而委任。

Corporate Governance Report

企業管治報告

ATTENDANCE OF MEETINGS

As at 31 December 2006, the numbers of meetings held by the Board and the Audit Committee and the respective attendance of the directors are as follow:

會議出席記錄

於二零零六年十二月三十一日，董事會會議次數、審核委員會會議次數及各董事的出席記錄如下：

| | | Number of meeting (attended/held) 會議次數(出席/舉行) | |
|--|------------|---|---------------------------------|
| | | The Board 董事會 | The Audit Committee 審核委員會 |
| <i>Executive Directors</i> | | | |
| Mr. Wang Ya Qun (<i>Chairman</i>) | 王亞群先生 (主席) | 8/8 | - |
| Mr. Liu Xiao Chun | 劉曉春先生 | 8/8 | - |
| Mr. Gong Zheng Jun | 宮正軍先生 | 2/8 | - |
| Mr. Chen Zheng Tu | 陳正土先生 | 8/8 | - |
| Mr. Chan Da Jun | 陳達均先生 | 5/8 | - |
| Mr. Wang Pei Zhang | 王佩章先生 | 2/8 | - |
| <i>Non-executive Directors</i> | | | |
| Mr. Li Ming | 李明先生 | 8/8 | - |
| <i>Independent Non-executive Directors</i> | | | |
| Mr. Tang Zhen Ming | 唐振明先生 | 1/8 | 4/4 |
| Mr. Ding Gang Yi | 丁剛毅先生 | 1/8 | 4/4 |
| Mr. Ku Kin Shing | 谷建聖先生 | 1/8 | 2/4 |
| Mr. Mok Wai Man, Derek. | 莫偉民先生 | 1/8 | 2/4 |

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealing set out in Rule 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions conducted by the Company's directors. After making specific enquires to all the board members, the Board confirmed that all the directors have complied with the relevant code of conduct and all applicable dealing standards.

董事進行證券交易

本公司已採納創業板上市規則第5.48至第5.67條所載買賣規定作為本公司董事進行證券交易之操守守則，經向全體董事作出具體查詢後，董事會確認，彼等一直遵守有關操守準則及有關進行證券交易所規定的交易準則。

RESPONSIBILITIES OF DIRECTORS AND AUDITORS IN RESPECT OF THE FINANCIAL STATEMENTS

The respective responsibilities of the directors and the auditors towards the shareholders in respect of the financial statements and audited financial statements are set out in page 29 to page 30.

董事及核數師對財務報表的責任

董事就財務報表的責任及核數師就審核財務報表對股東的責任刊載於第29頁至第30頁。

INTERNAL CONTROL

The Company regularly reviews its internal control system in order to ensure its effectiveness. Reviews on the financial, operation and risk management measures are conducted on a periodic basis so as to maintain the standard of effective management.

AUDITORS

The Audit Committee of the Company is responsible for the appointment of the external auditors, including the engagement of non-auditing tasks and fees. During the year under review, the Company has appointed Deloitte Touche Tohmatsu to audit the financial statements for the year ended 31 December 2006, the fees paid for the audit of the Group's financial statements amounted to RMB1,204,000.

內部監控

本公司定期審查本集團之內部監控系統，確保其有效運作，並定期檢討財務、營運及風險管理措施以達至有效的管理水平。

核數師

本公司審核委員會負責委任外聘核數師，包括非核數範圍的任命及費用。於回顧年度，本公司委任德勤•關黃陳方會計師事務所為截至二零零六年十二月三十一日止年度的核數師，審核本集團財務報表的費用為人民幣1,204,000元。

Directors, Supervisors and Senior Management 董事、監事及高級管理人員

Directors

The Board currently consists of 8 Directors including 4 executive Directors, 1 non-executive Director and 3 independent non-executive Directors.

Executive Directors

Mr. Wang Ya Qun, aged 45, is a founder of the Group, an executive Director and the chairman of the Board. Mr. Wang obtained a Master's degree in engineering from the Beijing Institute of Technology in March 1994. Apart from his technical knowledge and experience, he has over 3 years of experience in manufacturing and management gained in various corporations such as China Changcheng Group Co., Ltd. and Ningbo Handa before founding Yidong Electronic in August 2000. He is responsible for overseeing the overall operation, sales and marketing, and strategic planning of the Group. Mr. Wang is also the compliance officer of the Company.

Mr. Liu Xiao Chun, aged 39, is an executive Director and the vice chairman of the Company. Mr. Liu graduated from the Beijing Chemical Fibre Industrial Institute in July 1987 with a bachelor's degree in engineering majoring in automation of manufacturing process, and obtained a master's degree in Business Administration from The University of Hong Kong in 2005. Mr. Liu had worked with Beijing Printing and Dyeing Factory, Dongguang Chuangwei Electronics Co., Ltd., Shenzhen Zhongshanglong Enterprise Development Co., Ltd., and has over 14 years of experience in manufacturing and management and is responsible for the sales and marketing of the Company. Currently, he is also a director of China Ruilian. He joined the Group in December 2001.

Mr. Gong Zheng Jun, aged 44, is an executive Director and Chief Executive Officer (CEO). Mr. Gong obtained a Master's Degree in Engineering from Xibei Telecommunications and Engineering Institute in 1987, and has 9 years of technical, operation, sales and management experience in the mobile handset industry. Mr. Gong had been the Senior Vice President of SIM Technology Group Company prior to joining the company, held various managerial positions in ZTE Corporation since 1998, and was responsible for the development of phased array radar in Radar Institute of Huanghe Machinery and Electronics Factory in 1987. Mr. Gong joined the Group in November 2006.

Mr. Chen Zheng Tu, aged 55, is a founder of the Group and an executive Director. Mr. Chen had worked with Yuyao 2nd Automobile Electrical Equipment Factory and has over 23 years of experience in the manufacturing industry. He is responsible for the strategic planning and corporate promotion of the Company.

董事

董事會現由八名董事組成，包括四名執行董事、一名非執行董事及三名獨立非執行董事。

執行董事

王亞群先生，45歲，本集團創辦人之一，並為執行董事兼董事會董事長。王先生於一九九四年三月取得北京理工大學工程碩士學位。除擁有技術知識和經驗外，在二零零零年八月創立屹東電子之前，彼於不同企業（例如中國長城集團公司及寧波漢達等）積逾三年製造及管理經驗。彼負責本集團的整體營運、銷售及市場推廣及策略性計劃。王先生亦為本公司之監察主任。

劉曉春先生，39歲，本公司執行董事兼副董事長。劉先生於一九八七年七月畢業於北京化纖工學院，取得工程學士學位，主修生產過程自動化，於二零零五年取得香港大學工商管理碩士學位。劉先生曾任職北京印染廠、東莞創維電子有限公司、深圳市中商隆實業發展有限公司，在製造及管理方面擁有超過十四年經驗，負責本公司的銷售及市場推廣。目前，彼亦為中國瑞聯董事。彼於二零零一年十二月加盟本集團。

宮正軍先生，44歲，執行董事兼行政總裁。宮先生於一九八七年取得西北通訊工程學院工程碩士學位，於移動手機工業擁有9年技術、經營、銷售及管理經驗。於加盟本公司前，宮先生曾擔任SIM Technology Group Company高級副總裁，亦自一九九八年起任職中興通信股份有限公司多個管理職務。於一九八七年，彼加入黃河機電制造廠雷達研究所，負責開發相控陣雷達。宮先生於二零零六年十一月加盟本集團。

陳正土先生，55歲，本集團創辦人之一，並為執行董事。陳先生曾在余姚市汽車電器二廠工作，於製造業積逾二十三年經驗，並負責本公司的策略性策劃及企業推廣。

Non-executive Director

Mr. Li Ming, aged 44, is a non-executive Director. Mr. Li graduated from Jiangxi Finance Institute majoring in planning statistics in July 1985. He had worked with Dongguang Chuangwei Electronics Co., Ltd. and with China Electronic Chamber of Commerce since 1992. He has over 12 years of experience in the electronics industry. Currently, he is also the Chairman of China Ruilian. He joined the Group in December 2001.

Independent non-executive Directors

Mr. Tang Zhen Ming, aged 43, is an independent non-executive Director. He graduated from the Beijing Institute of Technology with a doctorate degree in engineering in March 1994. He had worked with Beijing Institute of Technology Industrial Company and is now working with Beijing ChinaSoft FE International Information Technology Ltd.. He has over 8 years of experience in management and administration. He joined the Group as an independent non-executive Director in December 2001.

Mr. Ding Gang Yi, aged 41 is an independent non-executive Director. He graduated from the Beijing Institute of Technology with a doctorate degree in engineering in September 1993. He is currently an associate professor and the Sub-Dean of the School of Software of the Beijing Institute of Technology. He joined the Group as an independent non-executive Director in December 2001.

Mr. Ku Kin Shing, aged 45, is an independent non-executive Director. Mr. Ku is a member of the Hong Kong Institute of Certified Public Accountants, and CPA (Aust.), and graduated from University of Canberra in 1991. Mr. Ku had worked with an international audit firm for 8 years, and is currently working as Financial Controller in a company listed on Singapore Exchange Limited. Mr. Ku joined the Group in June 2006.

Supervisors

Mr. Zhang Xing Jiang, aged 38, is a Supervisor and does not hold any other position in the Group. He is currently the manager of corporate banking of Industrial and Commerce Bank of China, Yuyao City Branch and has over 9 years of experience in the banking sector.

Mr. Chen Qian, aged 35, is a Supervisor and does not hold any other position in the Group. He has completed a postgraduate course in finance in the Hunan Finance College in February 1999. He is currently also a director of a company in Xian mainly engaged in the R&D and sales of electronic chemicals.

Ms. Wang Ying, aged 47, is a Supervisor and the manager of the R&D department of the Group. Please refer to the section "Senior management" below for details of her qualifications and experience.

非執行董事

李明先生，44歲，非執行董事。李先生於一九八五年七月畢業於江西財經學院，主修計劃統計。彼曾任職東莞創維電子有限公司，自一九九二年起在中國電子商會任職。彼於電子行業擁有超過十二年經驗。目前，彼亦為中國瑞聯的董事長。彼於二零零一年十二月加盟本集團。

獨立非執行董事

唐振明先生，43歲，獨立非執行董事。彼於一九九四年三月畢業於北京理工大學，取得工程博士學位。彼曾在北京理工大學產業總公司任職，而目前則在北京中軟遠東國際信息技術有限公司工作，在管理及行政方面擁有超過八年經驗。彼於二零零一年十二月加盟本集團，出任獨立非執行董事。

丁剛毅先生，41歲，獨立非執行董事。彼於一九九三年九月畢業於北京理工大學，取得工程博士學位。彼現時為北京理工大學軟件學院副教授兼副院長。彼於二零零一年十二月加盟本集團，出任獨立非執行董事。

谷建聖先生，45歲，獨立非執行董事。谷先生為香港會計師公會會員及澳洲執業會計師。彼在一九九一年畢業於University of Canberra。谷先生曾於一家國際會計師事務所工作8年，現任一家新加坡證券交易所有限公司上市公司之財務總監。谷先生於二零零六年六月加盟本集團。

監事

張興江先生，38歲，監事，並無出任本集團任何其它職位。彼現時為中國工商銀行余姚市分行企業銀行經理，於銀行界擁有超過九年經驗。

陳謙先生，35歲，監事，並無出任本集團任何其它職位。彼於一九九九年二月完成湖南財經學院財務深造課程。彼現亦為西安一家主要從事電子化工品的研發及銷售公司的董事。

王穎女士，47歲，監事兼本集團研發部經理。有關其資歷及經驗請參閱下文「高級管理層」一節。

Directors, Supervisors and Senior Management 董事、監事及高級管理人員

Senior management

Mr. Zhang Wen Gang, aged 41, is the financial manager of the Group. Mr. Zhang had worked with Yuyao Light Industry Machine Factory, Yuyao Kuangshan Machine Factory, and Yuyao 2nd Light Industry Co., Ltd. and has over 16 years of experience in accounting and financial work. He is involved in the accounting aspects of the Group. He joined the Group in May 2001.

Mr. Sun Li Chun, aged 42, is the assistant to the general manager of the Group. He graduated from the Tianjin Business College with a bachelor's degree in engineering in July 1989. Mr. Sun had worked with Ningbo Handa and has over 4 years of experience in sales and marketing. He joined the Group in August 2000 and is responsible for overseeing the sales and marketing of the Group.

Ms. Wang Ying, aged 47, is the manager of R&D Department. She graduated from Tai Yuan Industrial Institute in August 1982 with a bachelor's degree in engineering majoring in electronic engineering. She is a senior engineer and had worked with Liujibu Taiyuan Fenxi Machinery Factory and Hangzhou Dongbao Air Conditioner Factory. She has over 18 years of experience in R&D. Ms. Wang is responsible for overseeing the R&D Department of the Group. She joined the Group in April 2001.

QUALIFIED ACCOUNTANT AND COMPANY SECRETARY

Mr. Lam Chi Tat, aged 52, is the financial controller of the Group. Mr. Lam is a fellow member of the Hong Kong Institute of Certified Public Accountants, is a fellow member of the Association of Chartered Certified Accountants, and holds the degree of Master of Business Administration from The Open University of Hong Kong. Mr. Lam joined the Group in November 2006, and has over 20 years' experience in accounting and auditing in previous employments.

高級管理層

張文剛先生，41歲，本集團財務經理。張先生曾任職余姚輕工機械廠、余姚礦山機械廠及余姚二輕工業總公司，於會計及財務工作方面擁有超過十六年經驗。彼參與本集團的會計工作。彼於二零零一年五月加盟本集團。

孫立春先生，42歲，本集團總經理助理。彼於一九八九年七月於天津商學院修畢工程學士學位。孫先生曾在寧波漢達任職，在銷售及市場推廣方面擁有超過四年經驗。彼於二零零零年八月加盟本集團，負責監督本集團的銷售及市場推廣工作。

王穎女士，47歲，研發部經理。彼於一九八二年八月畢業於太原工學院，取得工程學士學位，主修電子工程。彼為高級工程師，曾任職六機部太原汾西機器廠及杭州東寶空調器廠，於研發方面擁有超過十八年經驗。王女士負責監督本集團研發部。彼於二零零一年四月加盟本集團。

合資格會計師及公司秘書

林子達先生，52歲，本集團財務總監。林先生為香港會計師公會及英國特許公認會計師公會資深會員，持有香港公開大學工商管理碩士學位。林先生於二零零六年十一月加盟本集團，彼於會計及核數方面積逾二十年經驗。

Report of the Directors

董事會報告書

The Directors present their annual report together with the audited consolidated financial statements for the year ended 31 December 2006.

董事呈交其年報及截至二零零六年十二月三十一日止年度的經審核綜合財務報表。

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activities of the Company are the design, manufacture and sale of intelligent controller systems for various consumer electrical and electronic appliances and the assembly of mobile phones. Details of the principal activities of its subsidiaries are set out in note 42 to the consolidated financial statements.

主要業務及按地域分析的業務

本公司的主要業務為設計、製造及銷售可用於多種消費電器及電子用品的智能控制器系統以及裝嵌流動電話。有關其附屬公司主要業務的詳情載於綜合財務報表附註42。

Analysis of the Group's performance for the year by business and geographic segments is set out in note 8 to the consolidated financial statements.

本集團本年度按業務及地域分類的業績分析載於綜合財務報表附註8。

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2006 are set out in the consolidated income statement on page 31.

業績及分派

本集團截至二零零六年十二月三十一日止年度的業績載於第31頁的綜合收益表。

The Directors do not recommend the payment of a dividend.

董事不建議派發股息。

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in property, plant and equipment of the Group are set out in note 15 to the consolidated financial statements.

物業、廠房及設備

本集團的物業、廠房及設備年內變動詳情載於綜合財務報表附註15。

SHARE CAPITAL

Details of the share capital of the Company are set out in note 34 to the consolidated financial statements.

股本

本公司的股本詳情載於綜合財務報表附註34。

DISTRIBUTABLE RESERVES

The Company's reserve available for distribution to shareholders as at 31 December 2006 comprised the retained profits of RMB90,719,000.

可供分派儲備

本公司於二零零六年十二月三十一日可供分派予股東的儲備包括保留溢利人民幣90,719,000元。

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association of the Company and no restriction against such rights under the laws of the PRC, which will oblige the Company to offer new shares on a pro-rate basis to existing shareholders.

優先購買權

根據本公司的公司章程細則，概無優先購買權的條文，而根據中國法律，並無限制該等權利的條文而規定本公司有義務按現有股東的股權比例，提呈發售新股份。

Report of the Directors

董事會報告書

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and assets and liabilities of the Group for the last five financial years since its incorporation is set out on page 87 to page 88.

PURCHASE, SALE OF REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

SHARE OPTIONS

As at the date of this report, no option has been granted or agreed to be granted by the Company to any of its Directors, Supervisors or employees of the Company or its subsidiaries.

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

Executive Directors

| | |
|--------------------|--|
| Mr. Wang Ya Qun | |
| Mr. Liu Xiao Chun | |
| Mr. Gong Zheng Jun | (appointed on 20 November 2006) |
| Mr. Chen Zheng Tu | |
| Mr. Chen Da Jun | (appointed on 31 March 2006 and resigned on 20 November 2006) |
| Mr. Wang Pei Zhang | (resigned on 31 March 2006) |

Non-executive Director

Mr. Li Ming

Independent non-executive Directors

| | |
|------------------------|--|
| Mr. Tang Zhen Ming | |
| Mr. Ding Gang Yi | |
| Mr. Ku Kin Shing | (appointed on 2 June 2006) |
| Mr. Wang Ning | (appointed on 31 March 2006 and resigned on 20 November 2006) |
| Mr. Mok Wai Man, Derek | (resigned on 2 June 2006) |

財務資料摘要

自本集團註冊成立以來，其最近五個財政年度的業績、資產及負債概要載於第87頁至第88頁。

購買、出售或贖回上市證券

年內，本公司概無贖回其任何股份。本公司或其任何附屬公司於年內概無購買或出售本公司任何股份。

購股權

於本報告刊發日期，本公司概無向本公司或其附屬公司任何董事、監事或僱員授出或同意授出購股權。

董事

於本年度及截至本報告刊發日期止，本公司在職董事為：

執行董事

| |
|--|
| 王亞群先生 |
| 劉曉春先生 |
| 宮正軍先生 (於二零零六年十一月二十日獲委任) |
| 陳正土先生 |
| 陳達均先生 (於二零零六年三月三十一日獲委任 及於二零零六年十一月二十日 辭任) |
| 王佩章先生 (於二零零六年三月三十一日辭任) |

非執行董事

李明先生

獨立非執行董事

| |
|---|
| 唐振明先生 |
| 丁剛毅先生 |
| 谷建聖先生 (於二零零六年六月二日獲委任) |
| 王寧先生 (於二零零六年三月三十一日獲委任 及於二零零六年十一月二十日辭任) |
| 莫偉民先生 (於二零零六年六月二日辭任) |

DIRECTORS *(continued)***Supervisors**

Mr. Zhang Xing Jiang
 Ms. Wang Ying
 Mr. Chen Qian (resigned on 6 March 2007)

Members of the audit committee

Mr. Ding Gang Yi (*Chairman*)
 Mr. Tang Zhen Ming
 Mr. Ku Kin Shing (appointed on 2 June 2006)
 Mr. Mok Wai Man, Derek (resigned on 2 June 2006)

In accordance with Articles 89 and 112 of the Company's Articles of Association, all the Directors and Supervisors shall be elected at the shareholders' general meeting for a term of three years. A director or supervisor may serve consecutive terms if re-elected upon the expiration of the terms.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Brief biographical details of Directors, Supervisors and senior management are set out on page 18 to page 20.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the Directors and Supervisors has entered into a service contract with the Company for a term of three years from his/her date of appointment as a Director or, as the case may be, as a Supervisor and thereafter subject to termination by either party giving not less than one month's written notice to the other party.

Save as disclosed above, no Directors or Supervisors who are proposed for re-election at the forthcoming annual general meeting has entered into any service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

Apart from the Directors' and Supervisors' service contracts disclosed above, no contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director or a Supervisor of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

董事 *(續)***監事**

張興江先生
 王穎女士
 陳謙先生 (於二零零七年三月六日辭任)

審核委員會成員

丁剛毅先生 (*主席*)
 唐振明先生
 谷建聖先生 (於二零零六年六月二日獲委任)
 莫偉民先生 (於二零零六年六月二日辭任)

根據本公司的公司章程細則第89及第112條，所有董事及監事須於股東大會上選舉產生，任期三年。董事或監事可於任期屆滿時重選連任。

董事、監事及高級管理人員的履歷

董事、監事及高級管理人員的簡歷載於第18頁至第20頁。

董事及監事的服務合約

各董事及監事已分別與本公司訂立服務合約，任期由其各自獲委任為董事或(視情況而定)獲委任為監事之日起計為期三年，其後可由任何一方或另一方發出不少於一個月書面通知終止。

除上述所披露者外，概無擬於應屆股東週年大會重選連任的董事或監事，與本公司訂有任何不可於一年內免付賠償(法定賠償除外)而終止的服務合約。

董事及監事於合約的權益

除上文所披露的董事及監事的服務合約外，於本年度終結或年內任何時間，本公司或其附屬公司概無訂立對本集團業務而言屬重大及本公司董事或監事於當中直接或間接擁有重大權益的合約。

Report of the Directors 董事會報告書

DIRECTORS', CHIEF EXECUTIVES' AND SUPERVISORS' INTERESTS IN THE SHARES OF THE COMPANY

At 31 December 2006, the interests and long positions of each Director, Chief Executive and Supervisor of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors as referred to in Rules 5.40 to 5.58 of the Rules Governing the Listing of Securities on the GEM (the "GEM Listing Rules"), were as follows:

Ordinary shares of RMB0.10 each of the Company as at 31 December 2006:

董事、行政總裁及監事於本公司股份的權益

於二零零六年十二月三十一日，本公司各董事、行政總裁及監事於本公司及其相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）的股份、相關股份及債券中，擁有本公司根據證券及期貨條例第352條規定須存置的登記冊所記錄的權益及好倉，或根據創業板證券上市規則（「創業板上市規則」）第5.40至5.58條所述董事進行交易的最低標準已知會本公司及聯交所的權益及好倉如下：

於二零零六年十二月三十一日本公司每股面值人民幣0.10元的普通股：

| Name of Director/ Chief Executive/ Supervisor 董事／ 行政總裁／ 監事姓名 | Number of Domestic Shares of RMB0.10 each (the "Domestic Shares") held 所持每股面值 人民幣0.10元 的內資股 (「內資股」)數目 | Nature of interest 權益性質 | Long/short position 好／淡倉 | Approximate percentage of shareholding in same class of securities 佔同類別 證券概約 持股百分比 | Approximate percentage of shareholding in the registered capital 於註冊資本 概約持股 百分比 |
|---|---|--|--------------------------------|---|--|
| Mr. Wang Ya Qun 王亞群先生 | 129,500,000 Domestic Shares (note 2) 129,500,000股內資股 (附註2) | Beneficial owner 實益擁有人 | Long position 好倉 | 35.0% | 25.9% |
| Mr. Li Ming 李明先生 | 129,500,000 Domestic Shares (note 2) 129,500,000股內資股 (附註2) | Interest of controlled corporation (note 1) 受控制公司的權益 (附註1) | Long position 好倉 | 35.0% (note 1) (附註1) | 25.9% |
| Mr. Chen Zheng Tu 陳正土先生 | 92,500,000 Domestic Shares (note 2) 92,500,000股內資股 (附註2) | Beneficial owner 實益擁有人 | Long position 好倉 | 25.0% | 18.5% |

DIRECTORS', CHIEF EXECUTIVES' AND SUPERVISORS' INTERESTS IN THE SHARES OF THE COMPANY *(continued)*

Notes:

- (1) Mr. Li Ming is not a registered shareholder of the Company. His indirect shareholding interest in 129,500,000 shares of the Company is held through Shenzhen Ruilian Investment Co., Ltd. ("Shenzhen Ruilian"), which holds a 90.0% direct interest in China Ruilian Holding Corp. ("China Ruilian"), a registered shareholder of the Company.

Both Shenzhen Ruilian and China Ruilian are established and based in the PRC. Mr. Li Ming and Mr. Liu Xiao Chun hold a direct interest of 42.0% and 26% respectively in Shenzhen Ruilian.

- (2) Domestic Shares of a nominal value of RMB0.10 each, in the registered capital of the Company, which are subscribed for or credited as fully-paid in Renminbi.

Mr. Wang Ya Qun holds non-beneficial interests in A-tech Technology (HK) Limited, a subsidiary of the Group, on behalf of the Company.

Save as disclosed above, at no time during the year did the Directors, Chief Executives and Supervisors (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares of the Company or its associated corporations (within the meaning of SFO).

Apart from the above, at no time during the year was the Company or its subsidiaries a party to any arrangement enabling the Directors, Chief Executives and Supervisors of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporation.

董事、行政總裁及監事於本公司股份的權益 (續)

附註:

- (1) 李明先生並非本公司登記股東。彼於本公司129,500,000股的間接股權是透過深圳瑞聯實業集團有限公司(「深圳瑞聯」)持有。深圳瑞聯擁有中國瑞聯實業集團有限公司(「中國瑞聯」)90.0%直接權益，而中國瑞聯為本公司登記股東。

深圳瑞聯及中國瑞聯均為於中國成立及以中國為基地。李明先生及劉曉春先生分別直接持有深圳瑞聯42.0%及26%權益。

- (2) 本公司註冊股本中每股面值人民幣0.10元的內資股乃以人民幣認購或入賬列作繳足。

王亞群先生代表本公司於本集團附屬公司屹科科技(香港)有限公司持有非實益權益。

除上文披露者外，於本年度的任何時間，概無董事、行政總裁及監事(包括其配偶及未滿十八歲的子女)於本公司或其相聯法團(定義見證券及期貨條例)的股份擁有任何權益，或已獲授或已行使可認購該等股份的任何權利。

除上文披露者外，於年內任何時間，本公司或其附屬公司概無訂立任何安排，致使本公司董事、行政總裁及監事持有本公司或其相聯法團的股份、相關股份或債券任何權益或淡倉。

Report of the Directors

董事會報告書

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES OF THE COMPANY

According to the register of substantial shareholders maintained under section 336 of the SFO, as at 31 December 2006, the Company had been notified the following substantial shareholders' were interested in 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors, Chief Executives and Supervisors.

主要股東於本公司股份的權益

按根據證券及期貨條例第336條規定存置的主要股東登記冊顯示，於二零零六年十二月三十一日，本公司獲知會以下主要股東擁有本公司已發行股本5%或以上權益。這些權益並無計入上文所披露有關董事、行政總裁及監事的權益內。

| Name of shareholder 股東名稱 | Number of shares held 所持股份數目 | Nature of interest 權益性質 | Long/short position 好/淡倉 | Approximate percentage of shareholding in same class of securities 佔同類別證券概約持股百分比 | Approximate percentage of shareholding in the registered capital 佔註冊資本概約持股百分比 |
|---|---|---|-----------------------------|---|--|
| China Ruilian 中國瑞聯 | 129,500,000 Domestic Shares (note 1 above) 129,500,000股內資股 (上文附註1) | Beneficial owner 實益擁有人 | Long position 好倉 | 35% | 25.9% |
| Shenzhen Ruilian 深圳瑞聯 | 129,500,000 Domestic Shares (note 1 above) 129,500,000股內資股 (上文附註1) | Interest of controlled corporation 受控制公司權益 | Long position 好倉 | 35% | 25.9% |
| Martin Currie China Hedge Fund Limited | 21,345,000 H Shares (note 1) 21,345,000股H股 (附註1) | Investment manager 投資經理 | Long position 好倉 | 16.4% | 4.3% |
| Martin Currie Investment Management Limited | 21,345,000 H shares (note 1) 21,345,000股H股 (附註1) | Investment manager 投資經理 | Long position 好倉 | 16.4% | 4.3% |
| UBS AG | 21,345,000 H shares (note 1) 21,345,000股H股 (附註1) | Person having a security interest in shares 於股份擁有抵押權益之人士 | Long position 好倉 | 16.4% | 4.3% |
| Dai Huan | 8,200,000 H Shares (note 1) 8,200,000股H股 (附註1) | Beneficial owner 實益擁有人 | Long position 好倉 | 6.3% | 1.6% |

Note:

(1) "H Share(s)" represent overseas listed foreign share(s) of a nominal value of RMB0.10 each in the registered capital of the Company, which are listed on the GEM and subscribed for and traded in Hong Kong dollars.

附註:

(1) 「H股」為本公司註冊股本中每股面值人民幣0.10元的海外上市外資股，於創業板上上市，並以港元認購及買賣。

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of sales and purchases for the year attributable to the Group's major customers and suppliers are as follows:

Sales

| | |
|-----------------------------------|-------|
| - the largest customer | 23.6% |
| - five largest customers combined | 47.2% |

Purchases

| | |
|-----------------------------------|-------|
| - the largest supplier | 7.4% |
| - five largest suppliers combined | 23.4% |

BOARD PRACTICES AND PROCEDURES

Throughout the year, the Company has been in compliance with the Board Practices and Procedures as set out in rules 5.34 to 5.45 of the GEM Listing Rules, which applied before the amendment of the GEM Listing Rules relating to the Code on Corporate Governance Practices and Corporate Governance Report on 1 January 2005. The Company has prepared a Corporate Governance Report in accordance with Rule 18.44 of the GEM Listing Rules for the financial year ending 31 December 2006. Details of which are set out in pages 14 to 17.

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that all independent non-executive Directors are independent.

CONNECTED TRANSACTION

Details of connected transactions of the Group with China Ruilian, a Shareholder of the Company are set out in note 41 to the accounts.

COMPETING INTERESTS

None of the Directors, the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had any interest in any business that directly or indirectly competes with the business of the Group or has any other conflicts of interest.

管理層合約

年內概無訂立或訂有有關本公司全部或任何主要部分業務的管理及行政合約。

主要客戶及供應商

本年度本集團主要客戶及供應商應佔的銷售及採購百分比如下：

銷售

| | |
|---------|-------|
| —最大客戶 | 23.6% |
| —五大客戶合計 | 47.2% |

採購

| | |
|----------|-------|
| —最大供應商 | 7.4% |
| —五大供應商合計 | 23.4% |

董事會常規及程序

年內，本公司一直遵守創業板上市規則第5.34至5.45條所載董事會常規及程序。該等規則於創業板上市規則於二零零五年一月一日就企業管治常規及企業管治報告方面作出修訂前適用。本公司根據創業板上市規則第18.44條，就截至二零零六年十二月三十一日止財政年度編製企業管治報告。有關詳情載於第14頁至第17頁。

本公司已接獲各獨立非執行董事根據創業板上市規則第5.09條作出有關其獨立性之年度確認。本公司認為所有獨立非執行董事均屬獨立。

關連交易

本集團與股東中國瑞聯的關連交易載於賬目附註41。

競爭權益

董事、本公司管理層股東及彼等各自的聯繫人士（定義見創業板上市規則）概無於直接或間接與本集團業務競爭的任何業務中擁有權益，亦無任何其它利益衝突。

Report of the Directors 董事會報告書

AUDITORS

The financial statements for the year have been audited by Deloitte Touche Tohmatsu, who retire and, being eligible, offer themselves for re-appointment at the forthcoming Annual General Meeting of the Company.

On behalf of the Board

Wang Ya Qun
Chairman

Ningbo, The PRC, 16 April 2007

核數師

本年度財務報表由德勤•關黃陳方會計師行審核，該會計師行將告退，並符合資格及願意於本公司應屆股東週年大會應聘連任。

代表董事會

主席
王亞群

中國寧波，二零零七年四月十六日

Independent Auditor's Report

獨立核數師報告書

Deloitte.

德勤

TO THE SHAREHOLDERS OF NINGBO YIDONG ELECTRONIC COMPANY LIMITED

(a joint stock company established in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Ningbo Yidong Electronic Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 31 to 86, which comprise the consolidated balance sheet as at 31 December 2006, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

致寧波屹東電子股份有限公司股東

(於中華人民共和國成立的股份有限公司)

本核數師已審核列載於第31至86頁寧波屹東電子股份有限公司(「貴公司」)及其附屬公司(以下合稱「貴集團」)的綜合財務報表,當中包括於二零零六年十二月三十一日的綜合資產負債表與截至該日止年度的綜合收益表、綜合權益變動表和綜合現金流量表,以及主要會計政策概要及其它附註說明。

董事就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒布的香港財務報告準則及香港公司條例的披露規定編製真實及公平的綜合財務報表。此責任包括設計、實施及維持與編製並真實而公平地呈列綜合財務報表有關的內部監控,以確保綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述;選取並應用適當的會計政策;及按不同情況作出合理的會計估計。

核數師的責任

本核數師的責任是根據審核工作的結果,對此等綜合財務報表發表意見。本核數師的報告僅為股東(作為一個團體)而編制,除此之外不作其它用途。本核數師概不就本報告的內容對任何其它人士負責或承擔責任。本核數師已按照香港會計師公會頒布的香港審核準則進行審核工作。該等準則要求本核數師遵守道德操守規範,並規劃及進行審核,以合理地確定綜合財務報表是否不存在重大錯誤陳述。

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2006 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
 Hong Kong
 16 April 2007

審核工作包括執执行程序以取得與綜合財務報表所載金額及披露事項有關的審核憑證。選取的程序須視乎核數師的判斷，包括評估由於欺詐或錯誤而導致綜合財務報表存有重大錯誤陳述的風險。在作出該等風險評估時，核數師考慮與編製並真實而公平地呈列綜合財務報表有關的內部監控，以設計適當的審核程序，但並非就 貴公司內部監控是否有效表達意見。審核工作亦包括評估董事所用會計政策是否合適，及所作會計估計是否合理，並就綜合財務報表的整體呈列方式作出評估。

本核數師相信，本核數師所取得的審核憑證能充分及恰當地為我們的審核意見提供基礎。

意見

本核數師認為，綜合財務報表已根據香港財務報告準則真實而公平地反映 貴集團於二零零六年十二月三十一日的財務狀況，及 貴集團截至該日止年度的虧損和現金流量，並已按照香港公司條例的披露規定適當編製。

德勤•關黃陳方會計師行
 執業會計師
 香港
 二零零七年四月十六日

Consolidated Income Statement

綜合收益表

for the year ended 31 December 2006
截至二零零六年十二月三十一日止年度

| | | Notes | 2006 二零零六年 RMB'000 人民幣千元 | 2005 二零零五年 RMB'000 人民幣千元 |
|--------------------------------|-----------|-------|-----------------------------------|-----------------------------------|
| | | 附註 | | |
| Revenue | 收益 | 7 | 317,274 | 446,182 |
| Cost of sales | 銷售成本 | | (274,311) | (400,598) |
| Gross profit | 毛利 | | 42,963 | 45,584 |
| Other income | 其它收入 | 7 | 10,049 | 30,296 |
| Selling and distribution costs | 銷售及分銷成本 | | (5,625) | (4,402) |
| Administrative expenses | 行政費用 | | (56,895) | (44,481) |
| Finance costs | 融資成本 | 9 | (17,638) | (10,786) |
| Share of losses of associates | 應佔聯營公司虧損 | | - | (128) |
| (Loss) profit before tax | 除稅前(虧損)溢利 | 10 | (27,146) | 16,083 |
| Income tax credit (expense) | 所得稅抵免(開支) | 11 | 3,901 | (12,032) |
| (Loss) profit for the year | 年內(虧損)溢利 | | (23,245) | 4,051 |
| Attributable to: | 應佔: | | | |
| Equity holders of the Company | 本公司股權持有人 | | (21,087) | 7,241 |
| Minority interests | 少數股東權益 | | (2,158) | (3,190) |
| | | | (23,245) | 4,051 |
| Dividends | 股息 | 13 | - | 3,500 |
| (Loss) earnings per share | 每股(虧損)盈利 | 14 | | |
| Basic | 基本 | | RMB人民幣(4.22 cents分) | RMB人民幣1.45 cents分 |
| Diluted | 攤薄 | | N/A 不適用 | N/A 不適用 |

Consolidated Balance Sheet

綜合資產負債表

as 31 December 2006
於二零零六年十二月三十一日

| | | | 2006 | 2005 |
|---|--------------------|-------|----------------|----------------|
| | | Notes | 二零零六年 | 二零零五年 |
| | | 附註 | RMB'000 | RMB'000 |
| | | | 人民幣千元 | 人民幣千元 |
| Non-current assets | 非流動資產 | | | |
| Property, plant and equipment | 物業·廠房及設備 | 15 | 242,877 | 217,305 |
| Prepaid lease payments | 預付租賃款 | 16 | 37,282 | 38,223 |
| Goodwill | 商譽 | 17 | - | - |
| Interests in associates | 聯營公司權益 | 19 | - | - |
| Deferred tax assets | 遞延稅項資產 | 20 | 8,542 | 3,320 |
| Construction deposits | 在建工程按金 | | 1,588 | - |
| | | | 290,289 | 258,848 |
| Current assets | 流動資產 | | | |
| Inventories | 存貨 | 21 | 116,824 | 82,930 |
| Loan receivable | 應收貸款 | 22 | 2,480 | - |
| Trade and bills receivables | 應收貿易賬款及票據 | 23 | 99,332 | 158,197 |
| Prepayments, deposits and other receivables | 預付款項·按金及其它 應收賬款 | | 43,041 | 61,066 |
| Prepaid lease payments | 預付租賃款 | 16 | 941 | 941 |
| Amount due from a shareholder | 應收股東款項 | 24 | 7,819 | 7,798 |
| Amounts due from minority shareholders | 應收少數股東款項 | 25 | 1,072 | 1,307 |
| Amounts due from associates | 應收聯營公司款項 | 26 | - | 3,904 |
| Amounts due from directors | 應收董事款項 | 27 | 1,512 | 89 |
| Amounts due from related companies | 應收關連公司款項 | 28 | 378 | 343 |
| Tax recoverable | 可收回稅項 | | 8,098 | 2,400 |
| Held-for-trading investments | 為交易而持有的投資 | 29 | 505 | - |
| Pledged bank deposits | 已抵押銀行存款 | 30 | 101,479 | 46,709 |
| Bank balances and cash | 銀行結餘及現金 | 30 | 121,458 | 66,868 |
| | | | 504,939 | 432,552 |
| Current liabilities | 流動負債 | | | |
| Trade and bills payables | 應付貿易賬款及票據 | 31 | 229,160 | 217,338 |
| Other payables and accruals | 其它應付賬款及應計費用 | | 75,372 | 75,913 |
| Amount due to a shareholder | 應付股東款項 | 24 | - | 4,330 |
| Amounts due to minority shareholders | 應付少數股東款項 | 25 | 280 | 93 |
| Amounts due to associates | 應付聯營公司款項 | 26 | - | 420 |
| Amount due to a director | 應付董事款項 | 27 | - | 48 |
| Dividends payable | 應付股息 | | 4,440 | 4,460 |
| Bank borrowings | 銀行借貸 | 32 | 291,570 | 170,760 |
| Current portion of deferred revenue | 遞延收入即期部分 | 33 | 1,657 | 1,657 |
| | | | 602,479 | 475,019 |

as 31 December 2006
於二零零六年十二月三十一日

| | | | 2006 二零零六年 RMB'000 人民幣千元 | 2005 二零零五年 RMB'000 人民幣千元 |
|---|------------------|----|-----------------------------------|-----------------------------------|
| Net current liabilities | 流動負債淨額 | | (97,540) | (42,467) |
| Total assets less current liabilities | 總資產減流動負債 | | 192,749 | 216,381 |
| Non-current liability | 非流動負債 | | | |
| Deferred revenue | 遞延收入 | 33 | 5,209 | 5,866 |
| | | | 187,540 | 210,515 |
| Capital and reserves | 資本及儲備 | | | |
| Share capital | 股本 | 34 | 50,000 | 50,000 |
| Reserves | 儲備 | | 134,140 | 153,652 |
| Equity attributable to equity holders of the Company | 本公司股權持有人 應佔權益 | | 184,140 | 203,652 |
| Minority interests | 少數股東權益 | | 3,400 | 6,863 |
| | | | 187,540 | 210,515 |

Consolidated Statement of Changes in Equity

綜合權益變動表

for the year ended 31 December 2006
截至二零零六年十二月三十一日止年度

| | | Attributable to equity holders of the Company 本公司股權持有人應佔 | | | | | | | | |
|--|------------------------------|---|--------------------|--------------------|------------------------------|------------------------|---------------------|----------|-----------------------|----------|
| | | Share capital | Capital reserve | Statutory | | Translation reserve | Retained profits | Total | Minority interests | Total |
| | | | | surplus reserve | public welfare reserve | | | | | |
| | | 股本 | 資本儲備 | 公積金 | 公益金 | 匯兌儲備 | 保留溢利 | 總計 | 少數股東 權益 | 總計 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| | | | (Note a) (附註a) | (Note b) (附註b) | (Note c) (附註c) | | | | | |
| At 1 January 2005 | 於二零零五年一月一日 | 50,000 | 40,449 | 14,893 | 6,702 | - | 93,527 | 205,571 | 8,253 | 213,824 |
| Exchange differences arising on translation of foreign operations and net income recognised directly in equity | 因換算海外業務而產生的匯兌差額及直接在權益確認的收入淨額 | - | - | - | - | 340 | - | 340 | - | 340 |
| Profit for the year | 年內溢利 | - | - | - | - | - | 7,241 | 7,241 | (3,190) | 4,051 |
| Total recognised income and expenses for the year | 年內已確認收入及開支總額 | - | - | - | - | 340 | 7,241 | 7,581 | (3,190) | 4,391 |
| Establishment of subsidiaries | 成立附屬公司 | - | - | - | - | - | - | - | 1,800 | 1,800 |
| Final dividend - 2004 | 末期股息—二零零四年 | - | - | - | - | - | (6,000) | (6,000) | - | (6,000) |
| Interim dividend - 2005 | 中期股息—二零零五年 | - | - | - | - | - | (3,500) | (3,500) | - | (3,500) |
| Appropriations | 分配 | - | - | 637 | 319 | - | (956) | - | - | - |
| At 31 December 2005 and 1 January 2006 | 於二零零五年十二月三十一日及二零零六年一月一日 | 50,000 | 40,449 | 15,530 | 7,021 | 340 | 90,312 | 203,652 | 6,863 | 210,515 |
| Exchange differences arising on translation of foreign operations and net income recognised directly in equity | 因換算海外業務而產生的匯兌差額及直接在權益確認的收入淨額 | - | - | - | - | 1,575 | - | 1,575 | - | 1,575 |
| Loss for the year | 年內虧損 | - | - | - | - | - | (21,087) | (21,087) | (2,158) | (23,245) |
| Total recognised income and expenses for the year | 年內已確認收入及開支總額 | - | - | - | - | 1,575 | (21,087) | (19,512) | (2,158) | (21,670) |
| Acquisition of a subsidiary | 收購附屬公司 | - | - | - | - | - | - | - | 281 | 281 |
| Establishment of a subsidiary | 成立附屬公司 | - | - | - | - | - | - | - | 5 | 5 |
| Dividend paid to a minority shareholder | 向少數股東派付股息 | - | - | - | - | - | - | - | (1,591) | (1,591) |
| Appropriations | 分配 | - | - | 2,221 | - | - | (2,221) | - | - | - |
| Transfer | 轉撥 | - | - | 7,021 | (7,021) | - | - | - | - | - |
| At 31 December 2006 | 於二零零六年十二月三十一日 | 50,000 | 40,449 | 24,772 | - | 1,915 | 67,004 | 184,140 | 3,400 | 187,540 |

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Note:

(a) Capital reserve

Capital reserve includes the share premium arising from the issue of H shares after deduction of the respective share issuance costs of the Company.

(b) Statutory surplus reserve

The Articles of Association of the Company and its subsidiaries established in the People's Republic of China (the "PRC") require the appropriation of 10% of their profit after tax determined under the PRC accounting standards each year to the statutory surplus reserve until the balance reaches 50% of the registered share capital. According to the provision of the Company's Articles of Association, under normal circumstances, the statutory surplus reserve shall only be used for making up losses, capitalisation into share capital and expansion of the Company's production and operation. For the capitalisation of statutory surplus reserve into share capital, the remaining amount of such reserve shall not be less than 25% of the registered share capital.

(c) Statutory public welfare reserve

Pursuant to the PRC Company Law, the Company and its subsidiaries established in the PRC shall make allocation from its profit after taxation determined under the PRC accounting standards at the rate of 5% to 10% to the statutory public welfare fund. The statutory public welfare fund can only be utilised on capital items for employees' collective welfare. Individual employees have the right to use these facilities, but the titles to which will remain with these companies. In accordance with the relevant PRC laws and regulations, the unutilised statutory public welfare reserve at 31 December 2005 has been transferred to statutory surplus reserve and no appropriation of statutory public welfare reserve is required effective from 2006.

附註:

(a) 資本儲備

資本儲備包括本公司發行H股產生的股份溢價及已扣除相關股份發行成本。

(b) 法定盈餘公積金

本公司及其在中華人民共和國(「中國」)成立的附屬公司的公司章程細則規定,每年必須將其按照中國會計準則計算的除稅後溢利其中10%撥往法定盈餘公積金,直至法定盈餘公積金結餘達到註冊股本50%為止。根據本公司的公司章程細則,在一般情況下,法定盈餘公積金僅可用作抵銷虧損、撥充股本及擴展本公司的生產與營運。就將法定盈餘公積金撥充股本而言,法定盈餘公積金的餘額不得低於註冊股本25%。

(c) 法定公益金

根據中國公司法,本公司及其在中國成立的附屬公司須將按照中國會計準則計算的除稅後溢利其中5%至10%撥往法定公益金。法定公益金僅可用於僱員集體福利的資本項目。個別僱員有權動用有關設施,惟其擁有權仍歸有關公司所有。根據有關中國法律及法規,於二零零五年十二月三十一日的未動用法定公益金已轉撥往法定盈餘公積金,而自二零零六年起,毋須就法定公益金作出分配。

Consolidated Cash Flow Statement

綜合現金流量表

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| | | 2006 二零零六年 RMB'000 人民幣千元 | 2005 二零零五年 RMB'000 人民幣千元 |
|--|-----------------------|-----------------------------------|-----------------------------------|
| OPERATING ACTIVITIES | 經營業務 | | |
| (Loss) profit before tax | 除稅前(虧損)溢利 | (27,146) | 16,083 |
| Adjustments for: | 已就下列項目調整: | | |
| Amortisation of prepaid lease payments | 攤銷預付租賃款項 | 479 | 315 |
| Depreciation of property, plant and equipment | 物業、廠房及設備折舊 | 14,285 | 14,075 |
| Finance costs | 融資成本 | 17,638 | 10,786 |
| Government grants received recognised as income | 已確認為收入的已收政府補助金 | (657) | (856) |
| Impairment loss on amounts due from associates | 應收聯營公司款項減值虧損 | 4,012 | 1,374 |
| Impairment loss on amounts due from minority shareholders | 應收少數股東款項減值虧損 | 792 | 237 |
| Impairment loss on goodwill arising from acquisition of associates | 因收購聯營公司而產生的商譽的減值虧損 | - | 259 |
| Impairment loss on goodwill arising from acquisition of subsidiaries | 因收購附屬公司而產生的商譽的減值虧損 | 103 | 3,177 |
| Impairment loss on property, plant and equipment | 物業、廠房及設備減值虧損 | 106 | - |
| Impairment loss on trade receivables, deposits and other receivables | 應收貿易賬款、按金及其它應收賬款的減值虧損 | 14,392 | 3,487 |
| Interest income | 利息收入 | (1,845) | (660) |
| Loss on disposal of property, plant and equipment | 出售物業、廠房及設備的虧損 | 58 | 43 |
| Share of losses of associates | 分佔聯營公司虧損 | - | 128 |
| Write-down of inventories | 存貨撇減 | 4,555 | 5,095 |
| Operating cash flows before movements in working capital | 營運資金變動前的營運現金流量 | 26,772 | 53,543 |
| Increase in inventories | 存貨增加 | (38,449) | (1,367) |
| Decrease (increase) in trade and bills receivables | 應收貿易賬款及票據減少(增加) | 46,153 | (97,376) |
| Decrease in prepayments, deposits and other receivables | 預付款項、按金及其它應收賬款減少 | 17,366 | 335 |
| Increase in amounts due from associates | 應收聯營公司款項增加 | - | (3,651) |
| Increase in amounts due from directors | 應收董事款項增加 | (1,423) | (84) |
| Increase in amounts due from related companies | 應收關連公司款項增加 | (35) | (48) |
| Increase in held-for-trading investments | 持作買賣投資增加 | (505) | - |
| Increase in trade and bills payables | 應付貿易賬款及票據增加 | 11,822 | 109,526 |
| (Decrease) increase in other payables and accruals | 其它應付賬款及應計費用(減少)增加 | (541) | 30,480 |
| (Decrease) increase in amounts due to associates | 應付聯營公司款項(減少)增加 | (420) | 420 |
| Decrease in amounts due to directors | 應付董事款項減少 | (48) | (712) |
| Government grants received | 已收政府補助金 | - | 1,000 |
| Cash generated from operations | 經營業務所得現金 | 60,692 | 92,066 |
| PRC income tax paid | 已付中國所得稅 | (7,019) | (21,089) |
| NET CASH GENERATED FROM OPERATING ACTIVITIES | 經營業務所得現金淨額 | 53,673 | 70,977 |

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截至二零零六年十二月三十一日止年度

| | | 2006 | 2005 |
|--|------------------------------|-----------------|------------------|
| | | 二零零六年 | 二零零五年 |
| | NOTE | RMB'000 | RMB'000 |
| | 附註 | 人民幣千元 | 人民幣千元 |
| INVESTING ACTIVITIES | 投資活動 | | |
| Increase in pledged bank deposits | 已抵押銀行存款增加 | (54,770) | (42,286) |
| Purchase of property, plant and equipment | 購買物業、廠房及設備 | (39,506) | (114,076) |
| Increase in loan receivable | 應收貸款增加 | (2,480) | - |
| Increase in construction deposits | 在建工程按金增加 | (1,588) | - |
| Advances to minority shareholders | 少數股東墊款 | (570) | (1,272) |
| Acquisition of a subsidiary | 收購附屬公司 | (191) | - |
| Advances to associates | 聯營公司墊款 | (108) | (988) |
| Interest received | 已收利息 | 1,845 | 660 |
| Proceeds on disposal of property, plant and equipment | 出售物業、廠房及設備所得款項 | 53 | 36 |
| Increase in prepaid lease payments | 預付租賃款項增加 | - | (8,340) |
| NET CASH USED IN INVESTING ACTIVITIES | 投資活動所用現金淨額 | (97,315) | (166,266) |
| FINANCING ACTIVITIES | 融資活動 | | |
| New bank loans raised | 新增銀行貸款 | 395,741 | 301,877 |
| Capital contribution by minority shareholders | 少數股東出資 | 5 | 1,800 |
| Repayment of bank loans | 償還銀行貸款 | (274,931) | (204,117) |
| Interest paid | 已付利息 | (17,638) | (10,786) |
| (Repayment to) advance from a shareholder | (償還)來自股東的墊款 | (4,330) | 3,783 |
| Dividend paid to a minority shareholder | 向少數股東派付股息 | (1,591) | - |
| Advance to a shareholder | 股東墊款 | (579) | (7,798) |
| Dividend paid | 已付股息 | (20) | (5,060) |
| NET CASH GENERATED FROM FINANCING ACTIVITIES | 融資活動所得現金淨額 | 96,657 | 79,699 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 現金及現金等值項目增加(減少)淨額 | 53,015 | (15,590) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | 年初的現金及現金等值項目 | 66,868 | 82,118 |
| EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET | 匯率變動影響淨額 | 1,575 | 340 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash | 年終的現金及現金等值項目，即銀行結餘及現金 | 121,458 | 66,868 |

Notes to the Consolidated Financial Statements

綜合財務報表附註

for the year ended 31 December 2006

截至二零零六年十二月三十一日止年度

1. GENERAL

The Company is a joint stock limited liability company established in the People's Republic of China (the "PRC") and its shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

The consolidated financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company.

The principal activities of the Group are the design, manufacture and sale of intelligent controller systems for consumer electrical and electronic appliances and the assembly of mobile phones in the PRC.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

In preparing the consolidated financial statements, the directors have given careful consideration to the future liquidity of the Group in light of its net current liabilities of RMB97,540,000 as at 31 December 2006. The Group finances its capital intensive operations by short-term bank borrowings and shareholders' equity. It tends to maintain a fair level of short-term bank borrowings which are renewed on a regular basis, as the borrowing costs of such arrangement are relatively lower. The directors are of the opinion that, after taking into account the presently available banking facilities and internal financial resources, the Group has sufficient working capital for its present requirements and will be able to meet in full its liabilities as they fall due in the foreseeable future. The opinion is based on the following:

(1) Availability of facilities

The amounts of banking facilities available to the Group granted by various banks at 31 December 2006 was RMB586,819,000, in which RMB291,570,000 was utilised as at 31 December 2006 as disclosed in note 32. Approximately RMB182,250,000 of the unutilised banking facilities will expire one year after the balance sheet date.

(2) Renewed bank borrowings

Subsequent to the balance sheet date, the Group had renewed RMB49,300,000 of the Group's short-term bank borrowings at 31 December 2006 which matured prior to the date of approval of these consolidated financial statements. Approximately RMB10,000,000 of the renewed bank borrowings will mature one year after the balance sheet date.

1. 一般資料

本公司為於中華人民共和國（「中國」）成立的股份有限公司，其股份在香港聯合交易所有限公司（「聯交所」）創業板上市。本公司的註冊辦事處及主要營業地點已於年報「公司資料」一節披露。

綜合財務報表以本公司功能貨幣人民幣（「人民幣」）呈列。

本集團主要在中國從事設計、製造及銷售可用於多種消費電器及電子用品的智能控制器系統以及裝嵌流動電話的業務。

2. 財務報表的編製基準

於編製綜合財務報表時，由於本集團於二零零六年十二月三十一日錄得流動負債淨額人民幣97,540,000元，故董事已審慎考慮本集團的未來流動資金狀況。本集團以短期銀行借貸及股東資金作為需要投入大量資金的業務的融資。由於短期銀行借貸定期續期，且有關安排的借貸成本相對較低，故此本集團傾向維持相當數量的短期銀行借貸。董事認為，經考慮現時可動用的銀行借貸及內部財務資源後，本集團具備充裕營運資金應付目前所需，並有能力全數償還於可預見將來到期負債。上述意見的依據如下：

(1) 可動用的信貸

於二零零六年十二月三十一日，本集團自多家銀行取得的可動用銀行信貸金額人民幣586,819,000元，誠如附註32所披露，其中人民幣291,570,000元於二零零六年十二月三十一日已動用。未動用銀行信貸約人民幣182,250,000元，將於結算日後一年到期。

(2) 已續期的銀行借貸

於結算日後，本集團已延續原應於批准此等綜合財務報表當日前到期的二零零六年十二月三十一日短期銀行借貸人民幣49,300,000元。已續期的銀行借貸約人民幣10,000,000元將於結算日後一年到期。

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2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

(3) Disposal of prepaid lease payments and related buildings

During the year ended 31 December 2006, the Group entered into a provisional sale and purchase agreement with local government for the disposal of its existing factory premises for a preliminary consideration of approximately RMB120,000,000. The final consideration will be determined based on valuation report to be issued by independent professional valuers. The carrying amounts of the prepaid lease payments and buildings to be disposed of as at 31 December 2006 were approximately RMB11,013,000 and RMB19,518,000 respectively.

Up to the date of these consolidated financial statements, the disposal has not been completed and was pending for the negotiation of the final consideration between both parties and the Group's delivery of possession of the existing factory premises. The directors estimate that the transaction will be completed in July 2007 and the final consideration will not be less than RMB120,000,000. As at 31 December 2006, the existing factory premises are still engaged by the Group for its production and therefore not available for immediate sale in present condition. After the completion of the transaction, the Group will move to the new factory premises which is under construction as at 31 December 2006. Details of which are set out in note 15.

Due to the reasons above, the consolidated financial statements have been prepared on a going concern basis.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new standard, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants, which are either effective for accounting periods beginning on or after 1 December 2005 or 1 January 2006. The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting years have been prepared and presented. Accordingly, no prior year adjustment has been required.

2. 財務報表的編製基準 (續)

(3) 出售預付租賃款及相關樓宇

截至二零零六年十二月三十一日止年度，本集團與當地政府就出售其現有廠房物業訂立臨時買賣協議，初步代價約為人民幣120,000,000元。最終代價將按獨立專業估值師發出之估值報告釐定。將予出售之預付租賃款及樓宇於二零零六年十二月三十一日的賬面值分別約為人民幣11,013,000元及人民幣19,518,000元。

截至此等綜合財務報表日期，出售尚未完成，且有待訂約雙方磋商最終代價及本集團轉移現有廠房物業的擁有權。董事估計交易將於二零零七年七月完成，而最終代價將不少於人民幣120,000,000元。於二零零六年十二月三十一日，現有廠房物業仍然由本集團佔用作生產用途，故未能按目前狀況即時出售。完成交易後，本集團將遷至於二零零六年十二月三十一日仍在興建中的新廠房物業。詳情載於附註15。

基於上述理由，綜合財務報表乃按持續經營基準編製。

3. 應用新訂及經修訂香港財務報告準則

於本年度，本集團首次應用香港會計師公會頒布的多項新準則、修訂及詮釋（「新香港財務報告準則」），該等新香港財務報告準則於二零零五年十二月一日或二零零六年一月一日或之後開始的會計期間生效。採納新香港財務報告準則並無對現時或過往會計年度業績及財政狀況的編製與呈報方式構成重大影響，故毋須就過往年度作出調整。

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綜合財務報表附註

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截至二零零六年十二月三十一日止年度

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

The Group has not early applied the following new standards, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

| | |
|--------------------|---|
| HKAS 1 (Amendment) | Capital Disclosures ¹ |
| HKFRS 7 | Financial Instruments: Disclosures ¹ |
| HKFRS 8 | Operating Segments ² |
| HK(IFRIC)-Int 7 | Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies ³ |
| HK(IFRIC)-Int 8 | Scope of HKFRS 2 ⁴ |
| HK(IFRIC)-Int 9 | Reassessment of Embedded Derivatives ⁵ |
| HK(IFRIC)-Int 10 | Interim Financial Reporting and Impairment ⁶ |
| HK(IFRIC)-Int 11 | HKFRS 2 – Group and Treasury Share Transactions ⁷ |
| HK(IFRIC)-Int 12 | Service Concession Arrangements ⁸ |

¹ Effective for annual periods beginning on or after 1 January 2007

² Effective for annual periods beginning on or after 1 January 2009

³ Effective for annual periods beginning on or after 1 March 2006

⁴ Effective for annual periods beginning on or after 1 May 2006

⁵ Effective for annual periods beginning on or after 1 June 2006

⁶ Effective for annual periods beginning on or after 1 November 2006

⁷ Effective for annual periods beginning on or after 1 March 2007

⁸ Effective for annual periods beginning on or after 1 January 2008

3. 應用新訂及經修訂香港財務報告準則 (續)

本集團並無提早應用下列已頒布但尚未生效的新準則、修訂或詮釋。本公司董事預期應用此等準則、修訂或詮釋將不會對本集團業績及財政狀況構成重大影響。

| | |
|--------------------------|---|
| 香港會計準則第1號(修訂) | 資本披露 ¹ |
| 香港財務報告準則第7號 | 金融工具:披露 ¹ |
| 香港財務報告準則第8號 | 經營分部 ² |
| 香港(國際財務報告詮釋委員會) – 詮釋第7號 | 應用香港會計準則第29號就嚴重通脹經濟作財務報告採用重列方法 ³ |
| 香港(國際財務報告詮釋委員會) – 詮釋第8號 | 香港財務報告準則第2號之範圍 ⁴ |
| 香港(國際財務報告詮釋委員會) – 詮釋第9號 | 重新評估內含衍生工具 ⁵ |
| 香港(國際財務報告詮釋委員會) – 詮釋第10號 | 中期財務報告及減值 ⁶ |
| 香港(國際財務報告詮釋委員會) – 詮釋第11號 | 香港財務報告準則第2號 – 集團及庫存股份交易 ⁷ |
| 香港(國際財務報告詮釋委員會) – 詮釋第12號 | 服務特許權安排 ⁸ |

¹ 於二零零七年一月一日或之後開始的年度期間生效

² 於二零零九年一月一日或之後開始的年度期間生效

³ 於二零零六年三月一日或之後開始的年度期間生效

⁴ 於二零零六年五月一日或之後開始的年度期間生效

⁵ 於二零零六年六月一日或之後開始的年度期間生效

⁶ 於二零零六年十一月一日或之後開始的年度期間生效

⁷ 於二零零七年三月一日或之後開始的年度期間生效

⁸ 於二零零八年一月一日或之後開始的年度期間生效

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4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

4. 主要會計政策

綜合財務報表按歷史成本法編製，惟若干按公平值計量之金融工具（見下述會計政策）除外。

綜合財務報表乃根據香港會計師公會頒布之香港財務報告準則編製。此外，綜合財務報表包括香港聯交所創業板證券上市規則及香港公司條例之適用披露規定。

綜合基準

綜合財務報表包括本公司及由本公司控制的實體（其附屬公司）的財務報表。倘本公司有能力監管實體的財務及經營政策以從其業務中獲利，則擁有控制權。

年內收購或出售的附屬公司的業績由其收購的生效日期起或計至出售的生效日期止（視乎情況而定）計入綜合收益表。

本集團會適當地調整所使用附屬公司的財務報表，以統一本集團其它成員公司所採納的會計政策。

集團內公司間所有交易、結餘及收支均於綜合賬目時對銷。

少數股東所佔綜合附屬公司資產淨值與本集團的股本權益分開呈列。少數股東所佔資產淨值包括於原定業務合併日期的該等權益數額及少數股東所佔合併日期以來的權益變動。超逾少數股東所佔附屬公司權益的少數股東所佔虧損按本集團權益分配，惟少數股東具有約束力承擔，並可作出額外投資以補償虧損則除外。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 Business Combinations are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Goodwill

Goodwill arising on acquisitions prior to 1 January 2005

Goodwill arising on an acquisition of a subsidiary for which the agreement date is before 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant subsidiary at the date of acquisition.

For previously capitalised goodwill arising on acquisitions after 1 January 2001, the Group has discontinued amortisation from 1 January 2005 onwards, and such goodwill is tested for impairment annually, and whenever there is an indication that the cash generating unit to which the goodwill relates may be impaired (see the accounting policy below).

Goodwill arising on acquisitions on or after 1 January 2005

Goodwill arising on an acquisition of a subsidiary for which the agreement date is on or after 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant subsidiary at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

4. 主要會計政策 (續)

業務合併

收購附屬公司以購入法列賬。收購成本按為換取被收購公司控制權而於交換當日所給予資產、所產生或所承擔負債以及本集團所發行股本工具的公平值，加上業務合併直接應佔成本的總額計量。符合香港財務報告準則第3號業務合併確認條件的被收購公司可識別資產、負債及或然負債均按收購日期的公平值予以確認。

收購所產生商譽確認為資產，初步按成本計量，即業務合併成本超出本集團應佔已確認可識別資產、負債及或然負債的公平淨值的差額。倘於重新評估後，本集團應佔被收購公司可識別資產、負債及或然負債的公平淨值超出業務合併成本，則有關差額即時於損益確認。

少數股東於被收購公司的權益初步按少數股東於已確認資產、負債及或然負債的公平淨值的比例計量。

商譽

二零零五年一月一日前因收購而產生的商譽

因收購附屬公司（有關協議日期於二零零五年一月一日前）而產生的商譽指收購成本超逾本集團應佔相關附屬公司於收購當日的可識別資產與負債公平值的差額。

對於二零零一年一月一日後因收購而產生的先前已資本化商譽，本集團自二零零五年一月一日起終止確認攤銷，而有關商譽會每年及於有跡象顯示商譽所屬現金產生單位可能出現減值時評估有否減值（見下述會計政策）。

二零零五年一月一日或之後因收購而產生的商譽

因收購附屬公司（有關協議日期於二零零五年一月一日或之後）而產生的商譽指收購成本超逾本集團應佔相關附屬公司於收購當日的可識別資產、負債及或然負債的公平值。商譽乃按成本減任何累計減值虧損入賬。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill (continued)

Goodwill arising on acquisitions on or after 1 January 2005

(continued)

Capitalised goodwill arising on an acquisition of a subsidiary is presented separately in the consolidated balance sheet.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

Interests in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, interests in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and of changes in equity of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

4. 主要會計政策 (續)

商譽 (續)

二零零五年一月一日或之後因收購而產生的商譽 (續)

因收購附屬公司而產生的資本化商譽在綜合資產負債表分開呈列。

進行減值檢測時，因收購而產生的商譽將分配至各個或各組預期受惠於收購協同效益的相關現金產生單位。商譽所屬現金產生單位會每年及於有跡象顯示商譽所屬現金產生單位可能出現減值時進行減值檢測。就財政年度因收購而產生的商譽而言，商譽所屬現金產生單位於該財政年度完結前進行減值檢測。倘現金產生單位的可收回金額低於其賬面值，則減值虧損首先分配至減低該單位的商譽賬面值，其後按單位內各資產賬面值的比例分配至該單位的其它資產。商譽的任何減值虧損將直接在收益表確認入賬。商譽的減值虧損不會於其後期間撥回。

其後出售附屬公司時，應佔資本化商譽將計入出售時的盈虧。

於聯營公司權益

聯營公司指投資者擁有重大影響力且並非附屬公司或於合營企業權益的實體。

聯營公司的業績、資產及負債均以權益會計法計入此等綜合財務報表。根據權益法，於聯營公司權益按成本（已就本集團所佔溢利或虧損於收購後的變動及聯營公司權益變動作出調整），並扣除任何已識別減值虧損計入綜合資產負債表。倘本集團所佔聯營公司的虧損相當於或超過所佔該聯營公司權益（包括實際屬於本集團於聯營公司投資淨額的任何長期權益），則本集團終止確認其應佔日後虧損。本集團僅於代表該聯營公司承擔法定或推定責任或付款時，方會就額外分佔的虧損作出撥備及確認負債。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interests in associates (continued)

Goodwill arising on acquisitions prior to 1 January 2005

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities of the associate recognised at the date of acquisition is recognised as goodwill. From 1 January 2005 onwards, the Group has discontinued amortisation of goodwill and such goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Sales of goods are recognised when goods are delivered and title has passed.

Service income is recognised when services are provided.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Property, plant and equipment

Property, plant and equipment, other than buildings under construction, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment other than buildings under construction over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

4. 主要會計政策 (續)

於聯營公司權益 (續)

二零零五年一月一日前因收購而產生的商譽收購成本超逾本集團應佔聯營公司於收購當日的已確認可識別資產及負債公平淨值的任何差額確認為商譽。自二零零五年一月一日起，本集團終止確認商譽攤銷，而有關商譽計入投資賬面值，並就減值評估為投資的部分。

本集團應佔可識別資產、負債及或然負債公平淨值被評定為超逾收購成本的任何差額即時於損益確認。

倘集團實體與本集團聯營公司進行交易，有關溢利及虧損按本集團所佔相關聯營公司的權益對銷。

收益確認

收益按已收或應收代價的公平值計量，指於一般業務過程中就提供貨品與服務所應收取的金額，扣除折扣及銷售相關稅項。

貨品銷售於貨品付運及所有權轉移時確認入賬。

服務收入於提供服務時確認入賬。

金融資產的利息收入按時間基準根據未償還本金額及適用實際利率（即將金融資產預期可使用年期的估計日後所得現金準確貼現至資產賬面淨值的比率）計算。

物業、廠房及設備

物業、廠房及設備（在建樓宇除外）按成本減其後累計折舊及累計減值虧損入賬。

物業、廠房及設備（在建樓宇除外）以直線法按其估計可使用年期及估計剩餘價值計算折舊撥備，以撇銷其成本。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

When the leasehold land and buildings are in the course of development for production, rental or for administrative purposes, the leasehold land element is classified as a prepaid lease payment and amortised over a straight-line basis over the lease term. During the construction period, the amortisation charge provided for the leasehold land is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

4. 主要會計政策 (續)

物業、廠房及設備 (續)

倘租賃土地及樓宇正在發展以作生產、租賃或行政用途，則租賃土地部分將列作預付租賃款項，以直線法按租期攤銷。建設期間，租賃土地的攤銷撥備將計入在建樓宇的部分成本。在建樓宇按成本減任何已識別減值虧損入賬。樓宇於可供使用時開始計算折舊。

物業、廠房及設備項目於出售或預期日後持續使用該資產不會取得經濟利益時終止確認。終止確認資產而產生的任何收益或虧損（按出售所得款項淨額與項目賬面值的差額計算）計入終止確認項目年度的綜合收益表。

租賃

根據相關條款將擁有權的絕大部分風險及回報轉移予承租人的租約，均列作融資租約。所有其它租約則列作經營租約。

本集團作為出租人

經營租約的租金收入以直線法按有關租期於綜合收益表確認。磋商及安排經營租約的初步直接成本計入出租資產賬面值，並以直線法於租期確認為開支。

本集團作為承租人

根據經營租約應付租金均以直線法按有關租期自損益扣除。就訂立經營租約而已收及應收的利益均以直線法按租期確認為租金開支的減少。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the consolidated financials statements. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. RMB) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Borrowing costs

All borrowing costs are recognised as and included in finance costs in the consolidated income statement in the period in which they are incurred.

4. 主要會計政策 (續)

外幣

於編製個別集團實體的財務報表時，以該實體功能貨幣以外的貨幣（外幣）計算的交易按交易當日的匯率以功能貨幣（即該實體經營所處主要經濟體系的貨幣）入賬。於各結算日，以外幣計算的貨幣項目均按結算日的匯率重新換算。按公平值入賬並以外幣計算的非貨幣項目按釐定公平值當日的匯率重新換算。按歷史成本以外幣計算的非貨幣項目不予重新換算。

結算貨幣項目及換算貨幣項目時產生的匯兌差額均於產生期間在損益確認，惟因屬於本集團海外業務投資淨額的貨幣項目而產生的匯兌差額則除外，該等匯兌差額均在綜合財務報表內的股本權益確認入賬。因重新換算按公平值入賬的非貨幣項目而產生的匯兌差額均計入期間的損益，惟因重新換算直接在股本權益確認盈虧的非貨幣項目而產生的差額則除外，該等匯兌差額亦直接在股本權益確認入賬。

於呈列綜合財務報表時，本集團海外業務的資產與負債按結算日的匯率換算為本公司的呈報貨幣（即人民幣），而其收支項目則按年內的平均匯率換算，惟期內匯率大幅波動則除外，而在此情況下，則採用交易當日的匯率。匯兌差額（如有）均確認為股本權益的個別項目（匯兌儲備）。匯兌差額於出售海外業務的期間在損益確認。

借貸成本

所有借貸成本於產生期間在綜合收益表確認為融資成本。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Government grants

Government grants are recognised as income over the periods necessary to match them with the related costs. Grants related to depreciable assets are presented as deferred income and are released to income over the useful lives of the assets. Grants related to expense items are recognised in the same period as those expenses are charged in the consolidated income statement and are reported separately as other income.

Retirement benefits costs

Payments to state-managed retirement benefits schemes and the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

4. 主要會計政策 (續)

政府補助金

政府補助金於可配對相關成本所需的期間確認為收入。有關可折舊資產的補助金列作遞延收入，並於資產可使用年期撥往收入。有關開支項目的補助金均於自綜合收益表扣除開支的同一期間確認，並個別列作其它收入。

退休福利成本

國家管理退休福利計劃及強制性公積金計劃的供款於僱員提供服務致令彼等有權取得供款時作開支扣除。

稅項

所得稅開支指即期應付稅項與遞延稅項的總和。

即期應付稅項按年內應課稅溢利計算。由於應課稅溢利不包括其它年度的應課稅收入或可扣稅開支項目，亦不包括毋須課稅收入或不可扣稅開支收益表項目，故此有別於收益表所列純利。本集團的即期稅項按結算日已頒布或實際頒布的稅率計算。

遞延稅項按綜合財務報表內資產及負債賬面值與計算應課稅溢利所用相關稅基的差額，以資產負債表負債法確認。遞延稅項負債一般按所有應課稅暫時差額確認，而遞延稅項資產則按可抵銷應課稅溢利的可扣減暫時差額確認。倘暫時差額因商譽或初次確認（業務合併除外）交易的其它資產及負債而並不影響應課稅溢利及會計溢利，則有關資產及負債不予確認。

投資附屬公司及聯營公司產生的應課稅暫時差額須確認為遞延稅項負債，惟本集團可控制撥回暫時差額的時間及有可能在可見將來不會撥回暫時差額則除外。

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4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Research and development expenditures

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development expenditure is recognised only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activity. Where no internally generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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4. 主要會計政策 (續)

稅項 (續)

遞延稅項資產的賬面值於各結算日作出檢討，並於不再可能有足夠應課稅溢利以收回全部或部分資產的情況下作出調減。

遞延稅項乃按預期於負債償還或資產變現期間的適用稅率計算。遞延稅項計入收益表或自收益表扣除，惟倘遞延稅項與直接計入股本權益或自股本權益扣除的項目有關，則亦會於股本權益處理。

研究及開發開支

研究活動的開支於產生期間確認為開支。

因開發開支而產生的內部無形資產僅於預期清晰項目所產生開發成本將可透過日後經濟活動收回時確認。倘未有確認內部無形資產，則開發開支於產生期間自損益扣除。

存貨

存貨按成本與可變現淨值兩者的較低者入賬。成本以加權平均法計算。

金融工具

金融資產及金融負債於集團實體成為工具合約條文的訂約方時在資產負債表確認。金融資產及金融負債初步按公平值計量。直接因收購或發行金融資產及金融負債（按公平值計入損益的金融資產及金融負債除外）而產生的交易成本於初步確認時在金融資產或金融負債入賬或扣除（視乎情況而定）。直接因收購按公平值計入損益的金融資產或金融負債而產生的交易成本即時在損益確認。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets

The Group's financial assets are classified into financial assets at fair value through profit or loss and loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category financial assets are set out below.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets held for trading. At each balance sheet date subsequent to initial recognition, held for trading financial assets are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including loan receivable, trade and bills receivables, deposits and other receivables, amounts due from a shareholder/minority shareholders/associates/directors/related companies and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

The Group's financial liabilities comprise other financial liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

4. 主要會計政策 (續)

金融工具 (續)

金融資產

本集團的金融資產分類為按公平值計入損益的金融資產及貸款與應收賬款。所有以正常方式買賣的金融資產於交易日確認及終止確認。以正常方式買賣指需要於交易當地規例或慣例制訂的時限內交付資產的金融資產買賣。有關各類金融資產採納的會計政策載於下文。

按公平值計入損益的金融資產

按公平值計入損益的金融資產包括持作買賣金融資產。於初步確認後每個結算日，持作買賣金融資產均按公平值計量，而公平值變動則於產生期間直接於損益確認。

貸款及應收賬款

貸款及應收賬款指在活躍市場並無報價的指定或可確定付款金額的非衍生金融資產。於初步確認後每個結算日，貸款及應收賬款（包括應收貸款、應收貿易賬款及票據、存款及其它應收賬款、應收一名股東／少數股東／聯營公司／董事／關連公司款項及銀行結餘）以實際利率法按攤銷成本減任何已識別減值虧損入賬。當有客觀證據顯示資產出現減值時，減值虧損會在損益確認，並按資產賬面值與按原定實際利率貼現的估計日後現金流量現值之間的差額計量。倘資產可收回金額的增加可客觀地與確認減值後發生的事件有關，則減值虧損會於其後期間撥回，惟資產於撥回減值當日的賬面值不得超逾假設並無確認減值的攤銷成本。

金融負債及股本權益

集團實體發行的金融負債及股本工具均按所訂立合約安排的內容及金融負債與股本工具的釋義分類。股本工具指任何可證明扣減所有負債後的本集團資產剩餘權益的合約。

本集團的金融負債包括其它金融負債。就有關金融負債及股本工具所採納的會計政策載於下文。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Other financial liabilities

Other financial liabilities (including trade and bills payables, other payables, amounts due to a shareholder/minority shareholders/associates/directors, dividends payable and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded as the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment losses (other than goodwill – see the accounting policies in respect of goodwill above)

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

4. 主要會計政策 (續)

金融工具 (續)

金融負債及股本權益 (續)

其它金融負債

其它金融負債包括應付貿易賬款及票據、其它應付賬款、應付一名股東／少數股東／聯營公司／董事款項、應付股息及銀行借貸，其後以實際利率法按攤銷成本計量。

股本工具

本公司發行的股本工具列作已收所得款項（已扣除直接發行成本）。

終止確認

金融資產於有關自資產收取現金流量的權利屆滿或金融資產轉讓而本集團將金融資產絕大部分風險與回報轉讓時終止確認。終止確認金融資產時，資產賬面值與已收及應收代價及直接在股本權益確認的累計收益或虧損總和的差額在損益確認入賬。

當有關合約列明的責任解除、取消或到期時，終止確認金融負債。終止確認的金融負債賬面值與已付及應付代價的差額在損益確認入賬。

減值虧損（商譽除外—見上文有關商譽的會計政策）

於各結算日，本集團檢討其有形及無形資產的賬面值，以確定有否跡象顯示有關資產出現減值虧損。倘資產的可收回金額估計低於其賬面值，則資產賬面值將調減至其可收回金額。減值虧損即時確認為開支。

倘減值虧損其後撥回，則該資產的賬面值將增至其可收回金額的經修訂估計，惟所增加賬面值不得超逾假設過往年度並無就該資產確認減值虧損的賬面值。減值虧損撥回即時確認為收入。

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5. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also discussed below.

Depreciation and Amortisation

The Group's net book value of property, plant and equipment as at 31 December 2006 was approximately RMB243,000,000. The Group depreciates the property, plant and equipment on a straight-line method over their estimated useful lives and after taking into account of their estimated residual value, at the rates of 3.33% to 20% per annum, commencing from the date the property, plant and equipment is available for intended use. The estimated useful lives and dates that the property, plant and equipment are available for intended use reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment.

Allowances for bad and doubtful receivables

The policy for allowance for bad and doubtful receivables of the Group is based on the evaluation of collectability and recoverable amount of the receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. An allowance of RMB14,392,000 has been recognised in the current year.

Write-down of obsolete and slow-moving inventories

Management reviews an aging analysis at each balance sheet date, and makes allowances for obsolete and slow-moving inventory items identified that are no longer suitable for use in production. Management estimates the net realisable value for such finished goods, work in progress and raw materials primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review on a product-by-product basis at each balance sheet date and makes allowances for obsolete and slow-moving items. An allowance of RMB4,555,000 has been recognised in the current year.

5. 估計不明朗因素的主要來源

大有可能導致下個財政年度的資產及負債賬面值須作重大調整的日後主要假設及於結算日估計不明朗因素的主要來源載於下文。

折舊及攤銷

本集團物業、廠房及設備於二零零六年十二月三十一日的賬面淨值約為人民幣243,000,000元。本集團自物業、廠房及設備可作擬定用途當日起，於計算估計剩餘價值後以直線法按估計可使用年期及以3.33%至20%的年率計算物業、廠房及設備的折舊。物業、廠房及設備的估計可使用年期及可作擬定用途日期反映董事估計本集團日後自使用其物業、廠房及設備而取得經濟利益的期間。

應收呆壞賬撥備

本集團的應收呆壞賬撥備政策乃基於應收賬款的估計可收回情況與可收回數額以及管理層判斷。評估應收賬款的最終變現需要作出重要判斷，包括各客戶的現時信貸狀況及過往還款記錄。倘本集團客戶的財務狀況轉壞而使其無力還款，則或須作出額外撥備。本年度已確認撥備人民幣14,392,000。

撇減陳舊及滯銷存貨

管理層於各結算日檢討賬齡分析，並對已確定不再適合用作生產的陳舊及滯銷存貨項目作出撥備。管理層主要根據最近期發票價格及當時市況估計製成品、在製品及原料的可變現淨值。本集團於每個結算日檢討各項產品的存貨量，並會就陳舊及滯銷項目作出撥備。本年度確認撥備人民幣4,555,000元。

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5. KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Income taxes

As at 31 December 2006, a deferred tax asset of approximately RMB8,542,000 in relation to deductible temporary differences has been recognised in the Group's balance sheet. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In case where the actual future profits generated are less than expected, a material reversal of deferred tax asset may arise, which would be recognised in the consolidated income statement for the period in which such a reversal takes place.

6. FINANCIAL INSTRUMENTS

6a. Financial risk management objectives and policies

The Group's major financial instruments include loan receivable, trade and bills receivables, other receivables, held-for-trading investments, bank balances and cash, trade and bills payables, other payables and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. Approximately 35% of the Group's sales and 55% of the Group's purchases denominated in currencies other than the functional currency of the group entity making the sale and purchase.

Certain trade receivables, trade payables and borrowings of the Group are denominated in foreign currencies. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

5. 估計不明朗因素的主要來源 *(續)*

所得稅

於二零零六年十二月三十一日，有關可扣稅暫時差額的遞延稅項資產約人民幣8,542,000元已在本集團的資產負債表確認。遞延稅項資產可變現與否主要取決於日後有否足夠的溢利或應課稅暫時差額可供動用。倘日後的實際溢利低於預期水平，則遞延稅項資產或會大幅撥回，並於撥回期間在綜合收益表確認。

6. 金融工具

6a. 財務風險管理目標及政策

本集團的主要金融工具包括應收貸款、應收貿易賬款及票據、其它應收賬款、持作買賣投資、銀行結餘及現金、應付貿易賬款及票據、其它應付賬款及銀行借貸。此等金融工具的詳情載於各有關附註。有關此等金融工具的風險及減低風險的政策載於下文。管理層控制及監察有關風險，以確保及時有效地實行合適的措施。

市場風險

貨幣風險

本公司多家附屬公司以外幣進行買賣，本集團因而須面對外幣風險。本集團銷售額約35%及本集團採購額55%均以集團實體進行買賣的功能貨幣以外的貨幣計值。

本集團若干應收貿易賬款、應付貿易賬款及借貸均以外幣計值。本集團現時並無制訂外幣對沖政策。然而，管理層監察外匯風險，並會於有需要時考慮對沖重大外幣風險。

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6. FINANCIAL INSTRUMENTS *(continued)*

6a. Financial risk management objectives and policies

(continued)

Market risk *(continued)*

Fair value interest rate risk

The Group is exposed to fair value interest rate risk through the impact of rate changes on pledged bank deposits and fixed-rate bank borrowings. The interest rate and terms of repayment of these bank borrowings are disclosed in note 32. The Group currently does not have an interest rate hedging policy. However, management monitors interest rate change exposure and will consider hedging significant interest rate change exposure should the need arise.

Cash flow interest rate risk

The Group is exposed to cash flow interest rate risk through the impact of rate changes on variable-rate bank balances and bank borrowings. The interest rate and terms of repayment of these bank borrowings are disclosed in note 32. The level of the Group's bank borrowings at floating rate of interest is minimal.

Price risk

The Group is exposed to security price risk through its held-for-trading investments. The Group currently does not have a security price hedging policy. However, management monitors security price change exposure and will consider hedging significant security price change exposure should the need arise.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 December 2006 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is reduced.

6. 金融工具 *(續)*

6a. 財務風險管理目標及政策 *(續)*

市場風險 *(續)*

公平值利率風險

本集團面對來自自己抵押銀行存款及定息銀行借貸利率變動的公平值利率風險。此等銀行借貸的利率及還款期載於附註32。本集團現時並無一套利息對沖政策。然而，管理層監控利率變動及將於有需要時考慮對沖重大利率變動的風險。

現金流量利率風險

本集團面對來自變動息率銀行結餘及銀行借貸利率變動的現金流量利率風險。此等銀行借貸的利率及還款期載於附註32。本集團按浮動利率計息的銀行借貸並不重大。

價格風險

本集團面對來自持作買賣投資的抵押品價格風險。本集團現時並無一套抵押品價格對沖政策。然而，管理層監控抵押品價格變動風險及將於有需要時考慮對沖重大抵押品價格變動風險。

信貸風險

本集團有關交易對手未能履行於二零零六年十二月三十一日各類已確認金融資產責任的信貸風險，以綜合資產負債表所列資產的賬面值為限。為減低信貸風險，本集團管理層授權專責小組，負責釐定信貸上限、信貸批授及其它監察程序，以確保採取跟進行動，收回逾期債項。此外，本集團亦於各結算日檢討各項貿易債項的可收回金額，以確保就不可收回金額作出足夠的減值虧損。本公司董事認為，此舉可減低本集團的信貸風險。

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6. FINANCIAL INSTRUMENTS *(continued)*

6a. Financial risk management objectives and policies

(continued)

Market risk *(continued)*

Credit risk *(continued)*

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Liquidity risk

The Group had net current liabilities of RMB97,540,000 as at 31 December 2006. Therefore the Group is exposed to liquidity risk. Management manages this exposure by obtaining sufficient long-term banking facilities and renewing existing bank borrowings (see note 2).

6b. Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices; and
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions;

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate to their fair values.

6. 金融工具 *(續)*

6a. 財務風險管理目標及政策 *(續)*

市場風險 *(續)*

信貸風險 *(續)*

由於交易對手為國際信貸評級機構評為信譽昭著的銀行，故流動資金的信貸風險有限。

本集團的信貸風險並不高度集中，有關風險分散於多名交易對手及客戶。

流動資金風險

本集團於二零零六年十二月三十一日的流動負債淨額為人民幣97,540,000元。管理層致力取得足夠長期銀行信貸及延續現有銀行借貸（見附註2）。

6b. 公平值

金融資產及金融負債的公平值按以下方式釐定：

- 擁有標準條款及條件並於高流通量市場買賣的金融資產及金融負債的公平值乃經參考所報市場買入價釐定；及
- 其它金融資產及金融負債的公平值乃根據使用可見現行市場交易價格的貼現現金流量分析的公認定價模式釐定；

董事認為，金融資產及金融負債於財務報表按攤銷成本入賬的賬面值與公平值相若。

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7. REVENUE AND OTHER INCOME

Revenue represents the amounts received and receivable for goods sold by the Group to outside customers, net of discounts and sales related taxes, during the year.

An analysis of the Group's revenue and other income are as follows:

7. 收益及其它收入

收益指年內本集團向外界客戶出售貨品的已收及應收金額減折扣及銷售相關稅項。

本集團的收益及其它收入分析如下：

| | | 2006 二零零六年 RMB'000 人民幣千元 | 2005 二零零五年 RMB'000 人民幣千元 |
|--|------------------------------|-----------------------------------|-----------------------------------|
| Revenue | 收益 | | |
| Sales of controller systems for consumer electrical and electronic appliances and income from sales of small electrical appliances | 銷售消費電器及電子用品的控制器系統以及銷售小型電器的收入 | 17,192 | 55,622 |
| Sales of controller systems for mobile phones and income from sales and assembly of mobile phones | 銷售流動電話控制器系統及銷售與裝嵌流動電話的收入 | 300,082 | 390,560 |
| | | 317,274 | 446,182 |
| Other income | 其它收入 | | |
| Processing fee income | 加工費收入 | 2,850 | 27,442 |
| Bank interest income | 銀行利息收入 | 1,845 | 660 |
| Subsidy income | 津貼收入 | 1,959 | 473 |
| Sales of scrap materials | 銷售廢料 | 1,571 | - |
| Government grants received recognised as income | 已確認為收入的已收政府補助金 | 657 | 856 |
| Others | 其它 | 1,167 | 865 |
| | | 10,049 | 30,296 |

8. BUSINESS AND GEOGRAPHICAL SEGMENTS

(a) Business segments

For management purposes, the Group is currently organised into two operating divisions, namely, sales of controller systems for consumer electrical and electronic appliances and income from sales of small electrical appliances, and sales of controller systems for mobile phones and income from sales and assembly of mobile phones. These divisions are the basis on which the Group reports its primary segment information.

8. 業務及地區分部

(a) 業務分部

就管理而言，本集團現時分為兩個營運部門，即銷售消費電器及電子用品的控制器系統以及銷售小型電器的收入，以及銷售流動電話控制器系統及銷售與裝嵌流動電話的收入。該等部門為本集團呈報其主要分部資料的基準。

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8. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

8. 業務及地區分部 (續)

(a) Business segments (continued)

(a) 業務分部 (續)

Segment information about these businesses is presented below:

該等業務的分部資料呈列如下:

For the year ended 31 December 2006

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| | Sales of controller systems for consumer electrical and electronic appliances and income from sales of small electrical appliances 銷售消費電器及 電子用品的控制器 系統以及銷售 小型電器的收入 RMB'000 人民幣千元 | Sales of controller systems for mobile phones and income from sales and assembly of mobile phones 銷售流動電話 控制器系統及 銷售與裝嵌 流動電話的收入 RMB'000 人民幣千元 | Unallocated 未分配 RMB'000 人民幣千元 | Consolidated 綜合 RMB'000 人民幣千元 |
|--|---|---|--|--|
| Revenue | 收益 | 17,192 | 300,082 | 317,274 |
| Segment results | 分部業績 | (3,594) | 11,938 | 8,344 |
| Unallocated revenue | 未分配收益 | | | 5,015 |
| Unallocated corporate expenses | 未分配企業開支 | | | (22,867) |
| Finance costs | 融資成本 | | | (17,638) |
| Loss before tax | 除稅前虧損 | | | (27,146) |
| Income tax credit | 所得稅抵免 | | | 3,901 |
| Loss for the year | 年內虧損 | | | (23,245) |
| At 31 December 2006 | 於二零零六年十二月三十一日 | | | |
| BALANCE SHEET | 資產負債表 | | | |
| ASSETS | 資產 | | | |
| Consolidated total assets | 綜合資產總值 | 59,935 | 405,681 | 795,228 |
| LIABILITIES | 負債 | | | |
| Consolidated total liabilities | 綜合負債總額 | 18,898 | 129,508 | 607,688 |
| OTHER INFORMATION | 其它資料 | | | |
| Capital additions | 資本增加 | 5,433 | 20,477 | 39,968 |
| Depreciation | 折舊 | 2,021 | 10,266 | 14,285 |
| Amortisation of prepaid lease payments | 攤銷預付租賃款 | 20 | 353 | 479 |
| Impairment loss on amounts due from associates | 應收聯營公司 款項減值虧損 | - | - | 4,012 |
| Impairment loss on amounts due from minority shareholders | 應收少數股東款項 減值虧損 | - | 792 | 792 |
| Impairment loss on goodwill arising from acquisition of a subsidiary | 因收購附屬公司 而產生的商譽 減值虧損 | - | 103 | 103 |
| Impairment loss on property, plant and equipment | 物業、廠房及設備 減值虧損 | - | 106 | 106 |
| Impairment loss on trade receivables, deposits and other receivables | 應收貿易賬款、按金及其它 應收賬款減值虧損 | 725 | 13,513 | 14,392 |
| Loss on disposal of property, plant and equipment | 出售物業、廠房及 設備的虧損 | - | 10 | 58 |
| Write-down of inventories | 撇減存貨 | 1,150 | 3,405 | 4,555 |

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8. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

8. 業務及地區分部 (續)

(a) Business segments (continued)

(a) 業務分部 (續)

For the year ended 31 December 2005

截至二零零五年十二月三十一日止年度

| | | Sales of controller systems for consumer electrical and electronic appliances and income from sales of small electrical appliances 銷售消費電器及 電子用品的控制器 系統以及銷售 小型電器的收入 RMB'000 人民幣千元 | Sales of controller systems for mobile phones and income from sales and assembly of mobile phones 銷售流動電話 控制系統及 銷售與裝嵌 流動電話的收入 RMB'000 人民幣千元 | Unallocated 未分配 RMB'000 人民幣千元 | Consolidated 綜合 RMB'000 人民幣千元 |
|--|---------------------------|---|--|--|--|
| Revenue | 收益 | 55,622 | 390,560 | | 446,182 |
| Segment results | 分部業績 | 2,909 | 46,636 | | 49,545 |
| Unallocated revenue | 未分配收益 | | | | 2,262 |
| Unallocated corporate expenses | 未分配企業開支 | | | | (24,810) |
| Finance costs | 融資成本 | | | | (10,786) |
| Share of results of associates | 應佔聯營公司業績 | | | | (128) |
| Profit before tax | 除稅前溢利 | | | | 16,083 |
| Income tax expense | 所得稅開支 | | | | (12,032) |
| Profit for the year | 年內溢利 | | | | 4,051 |
| At 31 December 2005 | 於二零零五年十二月三十一日 | | | | |
| BALANCE SHEET | 資產負債表 | | | | |
| ASSETS | 資產 | | | | |
| Consolidated total assets | 綜合資產總值 | 104,789 | 390,274 | 196,337 | 691,400 |
| LIABILITIES | 負債 | | | | |
| Consolidated total liabilities | 綜合負債總額 | 10,063 | 235,128 | 235,694 | 480,885 |
| OTHER INFORMATION | 其它資料 | | | | |
| Capital additions | 資本增加 | 35,548 | 37,115 | 41,855 | 114,518 |
| Depreciation | 折舊 | 1,473 | 11,884 | 718 | 14,075 |
| Amortisation of prepaid lease payments | 攤銷預付租賃款 | 24 | 196 | 95 | 315 |
| Impairment loss on amounts due from associates | 應收聯營公司款項 減值虧損 | - | - | 1,374 | 1,374 |
| Impairment loss on amounts due from minority shareholders | 應收少數股東款項 減值虧損 | - | 237 | - | 237 |
| Impairment loss on goodwill arising from acquisition of associates | 因收購聯營公司 而產生的商譽 減值虧損 | - | - | 259 | 259 |
| Impairment loss on goodwill arising from acquisition of subsidiaries | 因收購附屬公司 而產生的商譽 減值虧損 | 186 | 2,991 | - | 3,177 |
| Impairment loss on trade receivables, deposits and other receivables | 應收貿易賬款、按金及其它 應收賬款減值虧損 | 1,061 | - | 2,426 | 3,487 |
| Loss on disposal of property, plant and equipment | 出售物業、廠房及 設備的虧損 | 40 | 3 | - | 43 |
| Write-down of inventories | 撇減存貨 | 5,095 | - | - | 5,095 |

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綜合財務報表附註

8. BUSINESS AND GEOGRAPHICAL SEGMENTS *(continued)*

(b) Geographical segments

The Group's sales of controller systems for consumer electrical and electronic appliances and controller systems for mobile phones and income from sales of small electrical appliances and sales and assembly of mobile phones are located in the PRC and Hong Kong.

The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods or services.

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8. 業務及地區分部 (續)

(b) 地區分部

本集團銷售消費電器及電子用品以及流動電話的控制器系統，以及銷售小型電器及銷售與裝嵌流動電話所得收入位於中國及香港。

下表載列本集團按地區市場劃分的收益分析(不論貨品或服務的來源地)。

| | | 2006 二零零六年 RMB'000 人民幣千元 | 2005 二零零五年 RMB'000 人民幣千元 |
|------------------------------|----------|-----------------------------------|-----------------------------------|
| The PRC, excluding Hong Kong | 中國·不包括香港 | 183,536 | 253,489 |
| Hong Kong | 香港 | 131,526 | 172,825 |
| Taiwan | 台灣 | - | 18,484 |
| Others | 其它 | 2,212 | 1,384 |
| | | 317,274 | 446,182 |

An analysis of the carrying amount of segment assets, and additions to property, plant and equipment, by geographical area in which the assets are located has not been presented as they are substantially located in the PRC.

由於分部資產以及物業、廠房及設備添置主要位於中國，故此並無按資產所在地區呈列有關賬面值的分析。

9. FINANCE COSTS

9. 融資成本

| | | 2006 二零零六年 RMB'000 人民幣千元 | 2005 二零零五年 RMB'000 人民幣千元 |
|--|----------------------|-----------------------------------|-----------------------------------|
| Interest on bank and other borrowings wholly repayable within five years | 須於五年內全數償還的銀行及其它借貸的利息 | 17,638 | 10,786 |

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10. (LOSS) PROFIT BEFORE TAX

10. 除稅前(虧損)溢利

| | | 2006 | 2005 |
|--|------------------------|---------|---------|
| | | 二零零六年 | 二零零五年 |
| | | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 |
| (Loss) profit before tax has been arrived at after charging: | 除稅前(虧損)溢利已扣除: | | |
| Staff costs, including directors' remuneration (note 12(a)): | 員工成本(包括董事酬金)(附註12(a)): | | |
| - Salaries, wages and other benefits | - 薪金·工資及其它福利 | 26,027 | 21,858 |
| - Retirement benefit scheme contributions | - 退休福利計劃供款 | 650 | 972 |
| Total staff costs | 總員工成本 | 26,677 | 22,830 |
| Depreciation of property, plant and equipment | 物業·廠房及設備折舊 | 14,285 | 14,075 |
| Amortisation of prepaid lease payments | 攤銷預付租賃款 | 941 | 757 |
| Less: Amount capitalised in buildings under construction | 減:撥充在建樓宇資本的金額 | (462) | (442) |
| Total depreciation and amortisation | 折舊及攤銷總額 | 14,764 | 14,390 |
| Auditor's remuneration | 核數師酬金 | 1,364 | 1,366 |
| Cost of inventories recognised as an expense | 已確認為開支的存貨成本 | 252,955 | 382,869 |
| Impairment loss on amounts due from associates | 應收聯營公司款項減值虧損 | 4,012 | 1,374 |
| Impairment loss on amounts due from minority shareholders | 應收少數股東款項減值虧損 | 792 | 237 |
| Impairment loss on goodwill arising from acquisition of associates | 因收購聯營公司而產生的商譽減值虧損 | - | 259 |
| Impairment loss on goodwill arising from acquisition of subsidiaries | 因收購附屬公司而產生的商譽減值虧損 | 103 | 3,177 |
| Impairment loss on property, plant and equipment | 物業·廠房及設備減值虧損 | 106 | - |
| Impairment loss on trade receivables, deposits and other receivables | 應收貿易賬款·按金及其它應收賬款減值虧損 | 14,392 | 3,487 |
| Loss on disposal of property, plant and equipment | 出售物業·廠房及設備的虧損 | 58 | 43 |
| Net foreign exchange losses | 外匯虧損淨額 | 1,807 | 43 |
| Research and development costs | 研究及開發成本 | 7,008 | 2,269 |
| Write-down of inventories included in cost of sales | 撇減存貨·計入銷售成本 | 4,555 | 5,095 |

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11. TAXATION

11. 稅項

| | | 2006 二零零六年 RMB'000 人民幣千元 | 2005 二零零五年 RMB'000 人民幣千元 |
|--|----------------|-----------------------------------|-----------------------------------|
| The income tax (credit) expense comprises: | 所得稅(抵免)開支包括: | | |
| Current tax | 即期稅項 | | |
| - PRC income tax | - 中國所得稅 | 1,322 | 14,604 |
| - (Over)under-provision in prior years | - 過往年度(超額)不足撥備 | (1) | 195 |
| | | 1,321 | 14,799 |
| Deferred tax (note 20) | 遞延稅項(附註20) | (5,222) | (2,767) |
| | | (3,901) | 12,032 |

No provision for Hong Kong Profits Tax has been made as the Group incurred a tax loss in Hong Kong for both years.

由於本集團於該兩個年度均在香港產生稅項虧損，故此並無作出香港利得稅撥備。

PRC income tax is calculated at 33% of the estimated taxable profit in accordance with the income tax law in the PRC for both years. A subsidiary operating in the PRC is entitled to a tax exemption for two years commencing from its first profit-making year followed by a 50% reduction in the PRC income tax for three years. The PRC income tax for this subsidiary was 50% exempted in both years.

中國所得稅乃根據中國所得稅法按該兩個年度的估計應課稅溢利以稅率33%計算。一家於中國經營的附屬公司於首個獲利年度起計兩年可獲豁免繳稅，而其後三年的中國所得稅則可獲減半。該附屬公司於該兩個年度獲50%中國所得稅減免。

The income tax (credit) expense for the year can be reconciled to the (loss) profit before tax per the income statement as follows:

年內所得稅(抵免)開支與收益表所列除稅前(虧損)溢利的對賬如下:

| | | 2006 二零零六年 RMB'000 人民幣千元 | 2005 二零零五年 RMB'000 人民幣千元 |
|---|------------------|-----------------------------------|-----------------------------------|
| (Loss) profit before tax | 除稅前(虧損)溢利 | (27,146) | 16,083 |
| Tax at the domestic income tax rate of 33% | 按國內所得稅稅率33%計算的稅項 | (8,958) | 5,307 |
| Tax effect of expenses not deductible for tax purpose | 就稅務用途的不可扣稅開支稅務影響 | 4,622 | 3,770 |
| Tax effect of income not taxable for tax purpose | 就稅務用途的毋須課稅收入稅務影響 | (1,158) | (6) |
| Tax effect of tax losses not recognised | 未確認稅務虧損的稅務影響 | 1,181 | 19 |

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11. TAXATION (continued)

11. 稅項 (續)

| | | 2006 二零零六年 RMB'000 人民幣千元 | 2005 二零零五年 RMB'000 人民幣千元 |
|--|------------------------------|-----------------------------------|-----------------------------------|
| Utilisation of tax losses previously not recognised | 動用過往未確認的稅務虧損 | (321) | - |
| Tax effect of deductible temporary differences not recognised | 未確認可扣稅暫時差額的稅務影響 | 947 | 495 |
| Income tax on concessionary rate | 按優惠稅率計算的所得稅 | (76) | (31) |
| Tax effect of share of results of associates | 應佔聯營公司業績的稅務影響 | - | 43 |
| Recognition of deductible temporary differences previously not recognised | 確認過往未確認的可扣稅暫時差額 | - | (677) |
| Effect of different tax rates of subsidiaries operating in different jurisdictions in the PRC (note) | 在中國其它司法權區營運的附屬公司的不同稅率影響 (附註) | - | 2,718 |
| (Over)under-provision in prior years | 過往年度 (超額) 不足撥備 | (1) | 195 |
| Others | 其它 | (137) | 199 |
| Income tax (credit) expense for the year | 本年度所得稅 (抵免) 開支 | (3,901) | 12,032 |

Note: Enterprise income tax for certain PRC subsidiaries were calculated based on the deemed taxable income at the applicable tax rate for the year ended 31 December 2005.

附註: 截至二零零五年十二月三十一日止年度, 若干中國附屬公司的企業所得稅按被視作應課稅收入以適用稅率計算。

12. DIRECTORS', SUPERVISORS' AND EMPLOYEES' EMOLUMENTS

12. 董事、監事及僱員酬金

(a) Directors' emoluments

(a) 董事酬金

The emoluments paid or payable to each of the 12 (2005: 8) directors were as follows:

已付或應付12名 (二零零五年: 8名) 董事的酬金如下:

| 2006 二零零六年 | | Wang | Liu | Chen | | Chen | Wang | | Tang | Ding | | Ku | Mok | Total 2006 二零零六年 |
|---|----------|---------|---------|---------|----------|---------|---------|---------|---------|---------|---------|---------|---------|------------------------|
| | | Ya | Xiao | Zheng | Gong | Da | Pei | Li | Zhen | Gang | Wong | Kin | Wai Man | |
| | | Qun | Chun | Tu | Zhengjun | Jun | Zhang | Ming | Ming | Yi | Ning | Shing | Derek | |
| | | 王亞群 | 劉曉春 | 陳正土 | 宮正軍 | 陳達均 | 王佩章 | 李明 | 唐振明 | 丁剛毅 | 王寧 | 谷建聖 | 莫偉民 | 總計 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| Fees | 袍金 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other emoluments | 其它酬金 | | | | | | | | | | | | | |
| Salaries and other benefits | 薪金及其它福利 | 689 | 725 | - | 11 | 77 | - | - | - | - | - | 29 | 52 | 1,583 |
| Retirement benefit scheme contributions | 退休福利計劃供款 | - | - | - | 1 | 1 | - | - | - | - | - | - | - | 2 |
| Total emoluments | 酬金總額 | 689 | 725 | - | 12 | 78 | - | - | - | - | - | 29 | 52 | 1,585 |

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12. DIRECTORS', SUPERVISORS' AND EMPLOYEES' EMOLUMENTS (continued) 12. 董事、監事及僱員酬金 (續)

| | | Wang Ya Qun | Liu Xiao Chun | Chen Zheng Tu | Wang Pei Zhang | Li Ming | Tang Zhen Ming | Ding Gang Yi | Mok Wai Man Derek | Total 2005 二零零五年 總計 |
|---|-------------|-------------------|---------------------|---------------------|----------------------|------------------|----------------------|--------------------|-------------------------|------------------------------|
| | | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 |
| Fees | 袍金 | - | - | - | - | - | - | - | - | - |
| Other emoluments | 其它酬金 | | | | | | | | | |
| Salaries and other benefits | 薪金及其它福利 | 325 | 585 | - | 72 | - | - | - | 53 | 1,035 |
| Retirement benefit scheme contributions | 退休福利計劃供款 | - | - | - | 14 | - | - | - | - | 14 |
| Total emoluments | 酬金總額 | 325 | 585 | - | 86 | - | - | - | 53 | 1,049 |

No director waived any emoluments for years ended 31 December 2006 and 2005.

截至二零零六年及二零零五年十二月三十一日止年度並無董事放棄任何酬金。

(b) Supervisors' emoluments

The emoluments paid or payable to each of the 3 (2005: 3) supervisors were as follows:

(b) 監事酬金

已付或應付3名(二零零五年:3名)監事的酬金如下:

| | | Zhang Xing Jiang | Chen Qian | Wang Ying | Total 2006 二零零六年 總計 |
|---|-------------|---------------------|------------------|------------------|------------------------------|
| | | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 |
| Salaries and other benefits | 薪金及其它福利 | - | - | 22 | 22 |
| Retirement benefit scheme contributions | 退休福利計劃供款 | - | - | 2 | 2 |
| Total emoluments | 酬金總額 | - | - | 24 | 24 |

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12. DIRECTORS', SUPERVISORS' AND EMPLOYEES' EMOLUMENTS (continued) 12. 董事、監事及僱員酬金 (續)

| 2005 二零零五年 | Zhang Xing Jiang 張興江 RMB'000 人民幣千元 | Chen Qian 陳謙 RMB'000 人民幣千元 | Wang Ying 王穎 RMB'000 人民幣千元 | Total 2005 二零零五年 總計 RMB'000 人民幣千元 |
|---|--|--|--|--|
| Salaries and other benefits | 薪金及其它福利 | - | - | 64 |
| Retirement benefit scheme contributions | 退休福利計劃供款 | - | - | 13 |
| Total emoluments | 酬金總額 | - | - | 77 |

No supervisor waived any emoluments for years ended 31 December 2006 and 2005.

截至二零零六年及二零零五年十二月三十一日止年度並無監事放棄任何酬金。

(c) Employees' emoluments

Of the five individuals with the highest emolument in the Group, two (2005: two) were directors of the Company whose emoluments are included in note 12(a) above. The emoluments of the remaining three (2005: three) individuals were as follows:

(c) 僱員酬金

在本集團五名最高薪人士中，兩名(二零零五年：兩名)為本公司董事，其酬金已載於上文附註12(a)。餘下三名(二零零五年：三名)人士的酬金如下：

| | | 2006 二零零六年 RMB'000 人民幣千元 | 2005 二零零五年 RMB'000 人民幣千元 |
|---|----------|-----------------------------------|-----------------------------------|
| Salaries and other benefits | 薪金及其它福利 | 858 | 631 |
| Retirement benefit scheme contributions | 退休福利計劃供款 | 14 | 15 |
| | | 872 | 646 |

Their emoluments were within the following band:

酬金範圍如下：

| | | Number of employees 僱員人數 | |
|----------------------|----------------|-----------------------------|---------------|
| | | 2006 二零零六年 | 2005 二零零五年 |
| Nil to HK\$1,000,000 | 零至港幣1,000,000元 | 3 | 3 |

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13. DIVIDENDS

13. 股息

| | | 2006 | 2005 |
|---|----------------------------|---------|---------|
| | | 二零零六年 | 二零零五年 |
| | | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 |
| Dividends recognised as distributions during the year | 年內確認為分派之股息 | | |
| 2004 final dividend paid – RMB1.2 cent per share | 已付二零零四年末期股息 — 每股人民幣1.2分 | - | 6,000 |
| 2005 interim dividend paid – RMB0.7 cent per share | 已付二零零五年中期股息 — 每股人民幣0.7分 | - | 3,500 |
| | | - | 9,500 |

The directors do not recommend the payment of a dividend for the year ended 31 December 2006.

董事並不建議就截至二零零六年十二月三十一日止年度派付股息。

14. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share is based on the (loss) profit for the year attributable to equity holders of the Company of RMB21,087,000 (2005: profit RMB7,241,000) and 500,000,000 shares (2005: 500,000,000 shares) in issue during the year.

14. 每股(虧損)盈利

每股基本(虧損)盈利乃根據年內本公司股權持有人應佔(虧損)溢利人民幣21,087,000元(二零零五年:溢利人民幣7,241,000元)及年內已發行股份500,000,000股(二零零五年:500,000,000股)計算。

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15. PROPERTY, PLANT AND EQUIPMENT

15. 物業、廠房及設備

| | | Buildings in the PRC | Leasehold improve- ment | Plant and machinery | Computer and office equipment | Motor vehicles | Buildings under construction in the PRC | Total |
|--|---------------------------------|-------------------------|-------------------------------|------------------------|-------------------------------------|-------------------|--|----------------|
| | | 中國樓宇 | 租賃物業 裝修 | 廠房及機器 | 辦公室設備 | 汽車 | 在建樓宇 | 總計 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| COST | | 成本 | | | | | | |
| At 1 January 2005 | 於二零零五年一月一日 | 23,673 | - | 106,465 | 3,967 | 4,434 | 1,759 | 140,298 |
| Additions | 添置 | 1,971 | - | 1,439 | 1,444 | 422 | 109,242 | 114,518 |
| Disposals | 出售 | - | - | - | (131) | - | - | (131) |
| At 31 December 2005 and 1 January 2006 | 於二零零五年十二月 三十一日及二零零六年 一月一日 | 25,644 | - | 107,904 | 5,280 | 4,856 | 111,001 | 254,685 |
| Additions | 添置 | - | 29 | 2,042 | 1,148 | 44 | 36,705 | 39,968 |
| Acquired on acquisition of a subsidiary | 於收購附屬公司 時購入 | - | - | - | 106 | - | - | 106 |
| Disposals | 出售 | - | - | - | (44) | (155) | - | (199) |
| At 31 December 2006 | 於二零零六年 十二月三十一日 | 25,644 | 29 | 109,946 | 6,490 | 4,745 | 147,706 | 294,560 |
| DEPRECIATION, AMORTISATION AND IMPAIRMENT | | 折舊、攤銷及減值 | | | | | | |
| At 1 January 2005 | 於二零零五年一月一日 | 2,415 | - | 18,616 | 1,137 | 1,189 | - | 23,357 |
| Provided for the year | 本年度撥備 | 916 | - | 10,257 | 2,352 | 550 | - | 14,075 |
| Eliminated on disposals | 出售時撇銷 | - | - | - | (52) | - | - | (52) |
| At 31 December 2005 and 1 January 2006 | 於二零零五年十二月 三十一日及二零零六年 一月一日 | 3,331 | - | 28,873 | 3,437 | 1,739 | - | 37,380 |
| Provided for the year | 本年度撥備 | 1,139 | 6 | 11,173 | 1,416 | 551 | - | 14,285 |
| Impairment loss recognised in the consolidated income statement | 於綜合收益表 確認減值虧損 | - | - | - | 106 | - | - | 106 |
| Eliminated on disposals | 出售時撇銷 | - | - | - | (13) | (75) | - | (88) |
| At 31 December 2006 | 於二零零六年 十二月三十一日 | 4,470 | 6 | 40,046 | 4,946 | 2,215 | - | 51,683 |
| CARRYING VALUES | | 賬面值 | | | | | | |
| At 31 December 2006 | 於二零零六年 十二月三十一日 | 21,174 | 23 | 69,900 | 1,544 | 2,530 | 147,706 | 242,877 |
| At 31 December 2005 | 於二零零五年十二月 三十一日 | 22,313 | - | 79,031 | 1,843 | 3,117 | 111,001 | 217,305 |

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綜合財務報表附註

15. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The above items of property, plant and equipment are depreciated on a straight-line basis, at the following rates per annum:

| | |
|-------------------------------|-------------|
| Buildings | 3.33% – 10% |
| Leasehold improvement | 20% |
| Plant and machinery | 10% – 20% |
| Computer and office equipment | 20% |
| Motor vehicles | 20% |

During the year, the directors conducted a review of the computer and office equipment of a subsidiary that has become inactive during the year and determined that the assets were fully impaired, due to physical damage and technical obsolescence. Accordingly, an impairment loss of RMB106,000 has been recognised in respect of computer and office equipment for the year ended 31 December 2006.

During the year, the directors also conducted a review of the property, plant and equipment of subsidiaries in the segment of controller systems for consumer electrical and electronic appliances. No impairment loss was identified as at 31 December 2006.

16. PREPAID LEASE PAYMENTS

for the year ended 31 December 2006

截至二零零六年十二月三十一日止年度

15. 物業、廠房及設備 (續)

上述物業、廠房及設備以直線法按下列年率計算折舊：

| | |
|----------|-----------|
| 樓宇 | 3.33%至10% |
| 租賃物業裝修 | 20% |
| 廠房及設備 | 10%至20% |
| 電腦及辦公室設備 | 20% |
| 汽車 | 20% |

年內，董事就其一家並無進行業務附屬公司的電腦及辦公室設備進行檢討，並認為該附屬公司的資產因損毀及技術過時而出現全數減值。因此，截至二零零六年十二月三十一日止年度就電腦及辦公室設備確認減值虧損人民幣106,000元。

年內，董事並就附屬公司的物業、廠房及有關消費電器及電子用品的控制器系統設備方面進行檢討。於二零零六年十二月三十一日，並無識別任何減值虧損。

16. 預付租賃款項

| | | 2006 | 2005 |
|--|---------------|---------|---------|
| | | 二零零六年 | 二零零五年 |
| | | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 |
| The Group's prepaid lease payments comprise: | 本集團的預付租賃款項包括： | | |
| Medium-term leasehold land in the PRC | 中國中期租賃土地 | 38,223 | 39,164 |
| Analysed for reporting purposes as: | 為呈報而進行的分析： | | |
| Non-current asset | 非流動資產 | 37,282 | 38,223 |
| Current asset | 流動資產 | 941 | 941 |
| | | 38,223 | 39,164 |

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截至二零零六年十二月三十一日止年度

17. GOODWILL

17. 商譽

| | | RMB'000 人民幣千元 |
|---|----------------------------|------------------|
| COST | | |
| 成本 | | |
| At 1 January 2005 | 於二零零五年一月一日 | 4,770 |
| Elimination of accumulated amortisation upon the application of HKFRS 3 | 採用香港財務報告準則第3號而撤銷累計攤銷 | (1,455) |
| At 31 December 2005 and 1 January 2006 | 於二零零五年十二月三十一日及二零零六年一月一日 | 3,315 |
| Arising on acquisition of a subsidiary | 因收購附屬公司而產生 | 103 |
| At 31 December 2006 | 於二零零六年十二月三十一日 | 3,418 |
| AMORTISATION | | |
| 攤銷 | | |
| At 1 January 2005 | 於二零零五年一月一日 | 1,455 |
| Elimination of accumulated amortisation upon the application of HKFRS 3 | 採用香港財務報告準則第3號而撤銷累計攤銷 | (1,455) |
| At 31 December 2005 and at 31 December 2006 | 於二零零五年十二月三十一日及二零零六年十二月三十一日 | - |
| IMPAIRMENT | | |
| 減值 | | |
| At 1 January 2005 | 於二零零五年一月一日 | 138 |
| Impairment loss recognised for the year | 年內已確認減值虧損 | 3,177 |
| At 31 December 2005 and at 1 January 2006 | 於二零零五年十二月三十一日及二零零六年一月一日 | 3,315 |
| Impairment loss recognised for the year | 年內已確認減值虧損 | 103 |
| At 31 December 2006 | 於二零零六年十二月三十一日 | 3,418 |
| CARRYING VALUE | | |
| 賬面值 | | |
| At 31 December 2006 | 於二零零六年十二月三十一日 | - |
| At 31 December 2005 | 於二零零五年十二月三十一日 | - |

Particulars regarding impairment testing on goodwill are disclosed in note 18.

商譽減值檢測詳情載於附註18。

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18. IMPAIRMENT TESTING ON GOODWILL

For the purposes of impairment testing, the goodwill arising on acquisition of a subsidiary in 2006 as set out in note 17 has been allocated to one individual cash generating unit (the "CGU"), representing a subsidiary engaged in the design and research and development of mobile phones. The cost of goodwill as at 31 December 2006 allocated to this CGU is as follows:

| | | RMB'000 人民幣千元 |
|---|-----------------------------------|------------------|
| Design and research and development of mobile phones – Shenzhen Denuo Technology Co. Ltd. ("Denuo") | 流動電話設計及研發 — 深圳市德諾通訊有限公司 ("德諾") | 103 |

The Group recognised an impairment loss of RMB103,000 in relation to goodwill arising on acquisition of Denuo, of which basis is as follows:

The recoverable amount of Denuo has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and discount rate of 14.46%. Cash flow projections during the budget period for the CGU are based on expected gross margins and expected expenditures during the budget period. The unamortised goodwill allocated to Denuo has been fully impaired and recognised in profit and loss for the year.

18. 商譽減值評估

就減值檢測而言，附註17所載於二零零六年因收購附屬公司而產生的商譽已分配至一個個別現金產生單位（「現金產生單位」），即一家從事流動電話設計及研發的附屬公司。於二零零六年十二月三十一日分配至該現金產生單位的商譽成本如下：

本集團就收購德諾通訊而產生的商譽確認減值虧損人民幣103,000元，有關基準如下：

德諾的可收回金額按使用價值計算法釐訂。該計算法使用以管理層批准的5年財政預算及貼現率14.46%為基準的現金流量預測。現金產生單位於預算期內的現金流量預測乃根據預算期內的預期毛利率及預期支出計算。分配至德諾通訊的未攤銷商譽應全數減值，並在本年度的損益中確認。

19. INTERESTS IN ASSOCIATES

19. 於聯營公司權益

| | | 2006 二零零六年 RMB'000 人民幣千元 | 2005 二零零五年 RMB'000 人民幣千元 |
|---|-------------|-----------------------------------|-----------------------------------|
| Cost of investment in unlisted associates | 非上市聯營公司投資成本 | 420 | 420 |
| Less: Accumulated impairment | 減：累計減值 | (259) | (259) |
| | | 161 | 161 |
| Share of post-acquisition losses | 應佔收購後虧損 | (161) | (161) |
| | | - | - |

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19. INTERESTS IN ASSOCIATES *(continued)*

At 31 December 2006, the Group had interests in the following associates:

19. 於聯營公司權益 (續)

於二零零六年十二月三十一日，本集團擁有下列聯營公司的權益：

| Name | Class of shares held | Place of incorporation/ registration and operation 註冊成立/ 註冊及營運地點 | Attributable equity interest of the Group 本集團應佔股權 | Principal activities 主要業務 |
|--|-----------------------------|--|--|---|
| 名稱 | 所持股份類別 | | | |
| Shenzhen Ossay Technology Company Limited ("Ossay") 深圳市奧賽科技有限公司 (「奧賽」) | Contributed capital 實繳股本 | PRC 中國 | 30% | Research and development of controller systems for audio and video products 影音產品先進控制器系統 研究及開發 |
| Yidong-Sola Technology Limited ("Sola") 屹東曜天科技有限公司 (「曜天」) | Ordinary 普通股 | Hong Kong 香港 | 50% | Trading of telecommunications products 電訊產品買賣 |

Included in the cost of investment in unlisted associates is fully impaired goodwill arising from acquisition of associates in prior years. The movements of goodwill are set out below:

非上市聯營公司投資成本包括因過往年度收購聯營公司而產生的全數減值商譽。商譽變動載於下文：

| | | RMB'000 人民幣千元 |
|---|----------------------------|------------------|
| COST | 成本 | |
| At 1 January 2005 | 於二零零五年一月一日 | 265 |
| Elimination of accumulated amortisation upon the application of HKFRS 3 | 採用香港財務報告準則第3號而撇銷累計攤銷 | (6) |
| At 31 December 2005 and 31 December 2006 | 於二零零五年十二月三十一日及二零零六年十二月三十一日 | 259 |
| AMORTISATION | 攤銷 | |
| At 1 January 2005 | 於二零零五年一月一日 | 6 |
| Elimination of accumulated amortisation upon the application of HKFRS 3 | 採用香港財務報告準則第3號而撇銷累計攤銷 | (6) |
| At 31 December 2005 and 31 December 2006 | 於二零零五年十二月三十一日及二零零六年十二月三十一日 | - |
| IMPAIRMENT | 減值 | |
| At 1 January 2005 | 於二零零五年一月一日 | - |
| Impairment loss recognised for the year | 年內已確認減值虧損 | 259 |
| At 31 December 2005 and 31 December 2006 | 於二零零五年十二月三十一日及二零零六年十二月三十一日 | 259 |
| CARRYING VALUE | 賬面值 | |
| At 31 December 2006 | 於二零零六年十二月三十一日 | - |
| At 31 December 2005 | 於二零零五年十二月三十一日 | - |

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19. INTERESTS IN ASSOCIATES (continued)

The summarised financial information in respect of the Group's associates is set out below:

19. 於聯營公司權益 (續)

有關本集團聯營公司的財務資料概述如下：

| | | 2006 二零零六年 RMB'000 人民幣千元 | 2005 二零零五年 RMB'000 人民幣千元 |
|--|---------------|-----------------------------------|-----------------------------------|
| Total assets | 資產總值 | 1,030 | 5,230 |
| Total liabilities | 負債總額 | (1,374) | (5,611) |
| Net liabilities | 負債淨額 | (344) | (381) |
| Group's share of net assets of associates | 本集團應佔聯營公司資產淨值 | - | - |
| Revenue | 收益 | 1,219 | 97,100 |
| Profit (loss) for the year | 年內溢利(虧損) | 42 | (661) |
| Group's share of losses of associates for the year | 本集團應佔聯營公司年內虧損 | - | (128) |

The Group has discontinued recognition of its share of losses of both associates as it has no obligation to share post-acquisition losses in excess of its investment costs. The amount of unrecognised share of losses of associates, extracted from the relevant management accounts of both associates for the year, cumulatively, is as follows:

由於本集團並無責任承擔超出其投資成本之應佔收購後之虧損，本集團終止確認應佔該兩家聯營公司的虧損。摘錄自年內相關聯營公司管理賬目的未確認應佔聯營公司虧損如下：

| | | 2006 二零零六年 RMB'000 人民幣千元 | 2005 二零零五年 RMB'000 人民幣千元 |
|--|---------------|-----------------------------------|-----------------------------------|
| Unrecognised share of losses of associates | 未確認應佔聯營公司虧損 | - | 120 |
| Accumulated unrecognised share of losses of associates | 累計未確認應佔聯營公司虧損 | 99 | - |

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20. DEFERRED TAX ASSETS

The following are the major deferred tax assets recognised and movements thereon during the current and prior years:

20. 遞延稅務資產

以下為本年度及過往年度的已確認主要遞延稅務資產及相關變動：

| | | Accelerated accounting depreciation 加速會計折舊 RMB'000 人民幣千元 | Impairment loss on trade receivables, deposits and other receivables 應收貿易 賬款、按金及 其它應收賬款 減值虧損 RMB'000 人民幣千元 | Write-down of inventories 撇減存貨 RMB'000 人民幣千元 | Others 其它 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
|---|-----------------------------|---|---|---|----------------------------------|---------------------------------|
| At 1 January 2005 (Credit) charge to income statement for the year | 於二零零五年一月一日 自年內收益表(入賬)扣除 | - | - | - | (553) | (553) |
| | | (571) | (1,324) | (1,121) | 249 | (2,767) |
| At 31 December 2005 and 1 January 2006 | 於二零零五年十二月三十一日 及二零零六年一月一日 | (571) | (1,324) | (1,121) | (304) | (3,320) |
| Charge (credit) to income statement for the year | 自年內收益表(入賬)扣除 | 454 | (3,972) | (73) | (1,631) | (5,222) |
| At 31 December 2006 | 於二零零六年十二月三十一日 | (117) | (5,296) | (1,194) | (1,935) | (8,542) |

As at the balance sheet date, the Group has unprovided deferred tax assets due to the unpredictability of the future profit streams arising from tax losses amounting to approximately RMB3,797,000 (2005: RMB1,190,000). All tax losses may be carried forward indefinitely.

As at the balance sheet date, the Group has deductible temporary differences of RMB5,565,000 (2005: RMB2,696,000). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

於結算日，本集團因未能預測稅務虧損產生的日後溢利來源而有未撥備遞延稅務資產約人民幣3,797,000元（二零零五年：人民幣1,190,000元）。所有稅務虧損可無限結轉。

於結算日，本集團的可扣稅暫時差額為人民幣5,565,000元（二零零五年：人民幣2,696,000元）。由於不可能動用可扣稅暫時差額抵銷應課稅溢利，故此並無就該可扣稅暫時差額確認遞延稅務資產。

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21. INVENTORIES

21. 存貨

| | | 2006 | 2005 |
|------------------|-----|----------------|---------------|
| | | 二零零六年 | 二零零五年 |
| | | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 |
| Raw materials | 原料 | 68,377 | 56,021 |
| Work in progress | 在製品 | 14,687 | 15,114 |
| Finished goods | 製成品 | 33,760 | 11,795 |
| | | 116,824 | 82,930 |

22. LOAN RECEIVABLE

The amount is unsecured, non-interest bearing and repayable on demand.

22. 應收貸款

該筆款項為無抵押、免息、且須應要求償還。

23. TRADE AND BILLS RECEIVABLES

23. 應收貿易賬款及票據

| | | 2006 | 2005 |
|-------------------------------------|-----------|---------------|----------------|
| | | 二零零六年 | 二零零五年 |
| | | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 |
| Trade and bills receivables | 應收貿易賬款及票據 | 112,044 | 165,530 |
| Less: accumulated impairment losses | 減：累計減值虧損 | (12,712) | (7,333) |
| | | 99,332 | 158,197 |

The Group allows an average credit period of 60 to 180 day to its trade customers. An aged analysis of the trade and bills receivables as at the balance sheet date, based on payment due date, and net of impairment losses, is as follows:

本集團給予其貿易客戶的信貸期平均介乎60至180日。於結算日按到期付款日劃分的應付貿易賬款及票據（已扣除減值虧損）賬齡分析如下：

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23. TRADE AND BILLS RECEIVABLES (continued)

23. 應收貿易賬款及票據 (續)

| | | 2006 | 2005 |
|-----------------|----------|---------|---------|
| | | 二零零六年 | 二零零五年 |
| | | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 |
| 0 to 90 days | 0至90日 | 45,535 | 91,640 |
| 91 to 180 days | 91至180日 | 2,864 | 15,809 |
| 181 to 365 days | 181至365日 | 12,288 | 49,770 |
| Over 365 days | 超過365日 | 38,645 | 978 |
| | | 99,332 | 158,197 |

Trade receivables of approximately RMB62,000 (2005: nil) are denominated in US dollars, which is different from the functional currency of the relevant group entity.

應收貿易賬款約人民幣62,000元(二零零五:零)乃以美元列值,有別於相關集團實體之功能貨幣。

24. AMOUNTS DUE FROM A SHAREHOLDER

24. 應收股東款項

| | | 2006 | 2005 |
|-----------------------------|--------------|---------|---------|
| | | 二零零六年 | 二零零五年 |
| | | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 |
| Amount due from | 應收款項 | | |
| China Ruilian Holding Corp. | 中國瑞聯實業集團 | | |
| ("China Ruilian") | 有限公司(「中國瑞聯」) | 7,819 | 7,798 |
| Amount due to | 應收款項 | | |
| China Ruilian | 中國瑞聯 | - | (4,330) |

The amounts are unsecured, non-interest bearing and repayable on demand.

有關款項為無抵押、免息,且須應要求償還。

25. AMOUNTS DUE FROM MINORITY SHAREHOLDERS

25. 應收少數股東款項

The amounts are unsecured, non-interest bearing and repayable on demand.

有關款項為無抵押、免息,且須應要求償還。

Included in the amounts due from minority shareholders as at 31 December 2006 is accumulated impairment loss of RMB1,029,000 (2005: RMB237,000).

於二零零六年十二月三十一日,應收少數股東款項包括累計減值虧損人民幣1,029,000元(二零零五年:人民幣237,000元)。

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26. AMOUNTS DUE FROM ASSOCIATES

The amounts are unsecured, non-interest bearing and repayable on demand.

Included in the amounts due from associates as at 31 December 2006 is accumulated impairment loss of RMB5,386,000 (2005: RMB1,374,000).

27. AMOUNTS DUE FROM DIRECTORS

Amounts with directors disclosed pursuant to section 161B of the Hong Kong Companies Ordinance are as follows:

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26. 應收聯營公司款項

該款項為無抵押、免息，且須應要求償還。

於二零零六年十二月三十一日，應收聯營公司款項包括累計減值虧損人民幣5,386,000元（二零零五年：人民幣1,374,000元）。

27. 應收董事款項

根據香港公司條例第161B條披露的應收（應付）董事款項如下：

| | | 31.12.2005 and Balance at 31.12.2006 於二零零六年 十二月三十一日 之結餘 RMB'000 人民幣千元 | 1.1.2006 二零零五年 十二月三十一日 及二零零六年 一月一日 RMB'000 人民幣千元 | Maximum amount outstanding during the year 年內最高 未償還金額 RMB'000 人民幣千元 |
|-------------------------|-------------|---|--|--|
| Amounts due from | 應收款項 | | | |
| Mr. Wang Ya Qun | 王亞群先生 | 961 | 73 | 961 |
| Mr. Wang Pei Zhang | 王佩章先生 | - | 6 | 6 |
| Mr. Liu Xiao Chun | 劉曉春先生 | 551 | 10 | 551 |
| | | 1,512 | 89 | |
| Amount due to | 應收款項 | | | |
| Mr. Wang Ya Qun | 王亞群先生 | - | (48) | |

The amounts are unsecured, non-interest bearing and repayable on demand.

有關款項為無抵押、免息，且須應要求償還。

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28. AMOUNTS DUE FROM RELATED COMPANIES

28. 應收關連公司款項

| Name of related company 關連公司名稱 | 2006 二零零六年 RMB'000 人民幣千元 | 2005 二零零五年 RMB'000 人民幣千元 |
|---|-----------------------------------|-----------------------------------|
| 北京屹東利華科技有限責任公司 ("屹東利華") | 341 | 304 |
| Fine Best Technology Limited ("Fine Best") | 37 | 39 |
| | 378 | 343 |

- (a) Mr. Wang Ya Qun, a director of the Company, is also a director of 屹東利華.

The amount due from 屹東利華 is unsecured, non-interest bearing and is repayable on demand.

- (b) Messrs. Wang Ya Qun and Liu Xiao Chun, directors of the Company, are also directors and owners of Fine Best.

The amount due from Fine Best is unsecured, non-interest bearing and is repayable on demand.

- (a) 本公司董事王亞群先生亦為屹東利華的董事。

應收屹東利華款項為無抵押、免息，且須應要求償還。

- (b) 本公司董事王亞群先生及劉曉春先生亦為Fine Best的董事兼擁有人。

應收Fine Best款項為無抵押、免息，且須應要求償還。

29. HELD-FOR-TRADING INVESTMENTS

The amount represents an equity-linked deposit accounted for as financial asset at fair value through profit or loss, which carries variable interest that is linked to the market value of certain equity securities listed overseas and with maturity date on 12 January 2009.

29. 持作買賣投資

該筆款項為按公平值計入損益的金融資產入賬的股票掛鈎存款，且按若干於海外上市股本證券市值相關的不同利率計息，於二零零九年一月十二日到期。

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30. PLEDGED BANK DEPOSITS AND BANK BALANCES

Pledged bank deposits represent deposits pledged to banks to secure short-term banking facilities granted to the Group and are therefore classified as current assets. The pledged deposits carry interest at fixed rates ranging from 2.25% to 3% (2005: 2.07% to 3%) per annum and will be released upon the settlement of relevant bank borrowings.

Bank balances carry interest at variable rates ranging from 0.72% to 2.5% (2005: 0.65% to 2.5%) per annum.

31. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the balance sheet date, based on payment due date, is as follows:

| | | 2006 二零零六年 RMB'000 人民幣千元 | 2005 二零零五年 RMB'000 人民幣千元 |
|-----------------|----------|-----------------------------------|-----------------------------------|
| 0 to 90 days | 0至90日 | 207,967 | 139,842 |
| 91 to 180 days | 91至180日 | 1,767 | 43,372 |
| 181 to 365 days | 181至365日 | 6,222 | 6,417 |
| Over 365 days | 超過365日 | 13,204 | 27,707 |
| | | 229,160 | 217,338 |

Trade and bills payables of approximately RMB34,622,000 (2005: RMB21,071,000) are denominated in US dollars, which is different from the functional currency of the relevant group entity.

30. 已抵押銀行存款及銀行結餘

已抵押銀行存款指抵押予銀行的存款，以為本集團所獲短期銀行信貸的擔保，故此列作流動資產。已抵押存款按固定利率介乎2.25厘至3厘（二零零五年：2.07厘至3厘）計息，並將於償還有關銀行借貸時解除。

銀行結餘則按介乎0.72厘至2.5厘（二零零五年：0.65厘至2.5厘）計息。

31. 應付貿易賬款及票據

於結算日按到期付款日劃分的應付貿易賬款及票據賬齡分析如下：

應付貿易賬款及票據約人民幣34,622,000元（二零零五年：人民幣21,071,000元）乃以美元列值，有別於相關集團實體之功能貨幣。

32. BANK BORROWINGS

| | | 2006 二零零六年 RMB'000 人民幣千元 | 2005 二零零五年 RMB'000 人民幣千元 |
|-----------------|-------|-----------------------------------|-----------------------------------|
| Bank borrowings | 銀行貸款 | | |
| – secured | – 有抵押 | 85,874 | 59,510 |
| – unsecured | – 無抵押 | 205,696 | 111,250 |
| | | 291,570 | 170,760 |

Bank borrowings of approximately RMB285,900,000 (2005: RMB170,800,000) bear interest at fixed rates ranging from 4.05% to 7.61% (2005: 4.65% to 7.25%) per annum and the remaining (2005: Nil) bears interest at 0.5% per annum over the US Prime Rate. The amounts are repayable within one year and are therefore classified as current liabilities.

32. 銀行借貸

為數約人民幣285,900,000元（二零零五年：人民幣170,800,000元）之銀行借貸按固定利率介乎4.05厘至7.61厘（二零零五年：4.65厘至7.25厘）計息，餘額（二零零五年：零）按美國優惠利率加年息0.5厘計算。該筆款項須於一年內償還，故分類為流動負債。

32. BANK BORROWINGS *(continued)*

The Group's borrowings that are denominated in currency other than the functional currency of the relevant group entities are set out below:

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32. 銀行借貸 (續)

本集團以有關集團實體功能貨幣以外的貨幣計值的借貸如下:

| | | Denominated in US dollars 以美元計值 RMB'000 equivalent 人民幣千元等值 |
|---------------------|---------------|---|
| At 31 December 2006 | 於二零零六年十二月三十一日 | 32,669 |
| At 31 December 2005 | 於二零零五年十二月三十一日 | 8,510 |

33. DEFERRED REVENUE**33. 遞延收入**

| | | 2006 二零零六年 RMB'000 人民幣千元 | 2005 二零零五年 RMB'000 人民幣千元 |
|--|-------------------|-----------------------------------|-----------------------------------|
| At 1 January | 於一月一日 | 7,523 | 7,379 |
| Additions | 添置 | - | 1,000 |
| Transfer to consolidated income statement (note 7) | 轉撥至綜合收益表 (附註7) | (657) | (856) |
| At 31 December | 於十二月三十一日 | 6,866 | 7,523 |
| Analysed for reporting purposes as: | 為呈報而進行的分析: | | |
| Current liability | 流動負債 | 1,657 | 1,657 |
| Non-current liability | 非流動負債 | 5,209 | 5,866 |
| | | 6,866 | 7,523 |

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33. DEFERRED REVENUE *(continued)*

(a) Government grants for research project

In 2005, the Group received government grants of RMB1,000,000, which were designated for a research project. Upon completion of this project, verification report will be submitted to the government for approval and the grants will become unconditional upon approval. As the relevant project has not yet completed at 31 December 2006 but expected to be completed within one year, the government grants were not recognised as income and they were accounted for as current liabilities.

(b) Government grants for purchase of the existing premises and equipment for production

In 2003 and 2004, the Group received government grants of RMB5,600,000 and RMB2,323,000, which were designated for the cost of acquisition of the existing factory premises and certain equipment for production respectively. The grants were deferred and will be recognised as income on a straight-line basis over the expected useful lives of the related assets. During the year, the Group recognised government grants of RMB192,000 and RMB465,000 as income respectively for the relevant assets.

(c) Government grants for the investment in information technology

In 2004, the Group received a government grant of RMB200,000. The grant was given to the Group as an encouragement to invest in information technology. As the condition required for such grant had been fulfilled in 2005 and no other contingencies were attached to such grant, the amount was recognised as income in that year.

33. 遞延收入 (續)

(a) 有關研究項目的政府補助金

二零零五年，本集團獲得指定用作研究項目的政府補助金人民幣1,000,000元。該項目完成時，本集團將向政府呈交核證報告以供審批，而有關補助金將於獲批准時成為無條件。由於有關項目於二零零六年十二月三十一日尚未完成，預期將於一年內完成，該政府補助金並無確認為收入，並列作流動負債入賬。

(b) 有關購買現有物業及生產設備的政府補助金

於二零零三年及二零零四年，本集團獲得分別指定用作收購現有廠房大樓及若干生產設備的政府補助金人民幣5,600,000元及人民幣2,323,000元。該等補助金均已遞延處理，將以直線法按有關資產的預期可使用年期確認為收入。年內，本集團已分別就有關資產將政府補助金人民幣192,000元及人民幣465,000元確認為收入。

(c) 有關投資資訊科技的政府補助金

於二零零四年，本集團獲得政府補助金人民幣200,000元。該補助金乃給予本集團作為投資資訊科技的鼓勵。由於上述授出補助金的條件已於二零零五年達成，且並無附帶其它或然條件，故此該筆款項已於本年度確認為收入。

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34. SHARE CAPITAL

34. 股本

| | | Number of shares | Share capital |
|---|--|------------------|---------------|
| | | 股份數目 | 股本 |
| | | '000 | RMB'000 |
| | | 千股 | 人民幣千元 |
| Issued and fully paid: | 已發行及繳足: | | |
| At 1 January 2005, 31 December 2005 and 31 December 2006 | 於二零零五年一月一日、 二零零五年十二月三十一日及 二零零六年十二月三十一日 | 500,000 | 50,000 |
| Domestic shares (note a) | 內資股(附註a) | 370,000 | 37,000 |
| H shares (note b) | H股(附註b) | 130,000 | 13,000 |
| | | 500,000 | 50,000 |

(a) Pursuant to an approval dated 4 June 2003 issued by the China Securities Regulatory Commission, all the shares of the Company, which were issued and fully paid, being 37,000,000 ordinary shares with a par value of RMB1.00 each, were sub-divided into 370,000,000 ordinary shares with a par value of RMB0.10 each.

(b) On 14 November 2003, the Company commenced the trading of the newly issued 130,000,000 H shares of RMB0.10 each on the GEM of the Stock Exchange, including 117,000,000 H shares to institutional investors by way of placement and 13,000,000 H shares for subscription by members of the public in Hong Kong under the Public Offer at the Offer Price of HKD0.50 (equivalent to approximately RMB0.535) per share, for a total cash consideration of HKD65,000,000 (equivalent to approximately RMB69,550,000). Following the issue, the share capital and capital reserve of the Company increased by approximately HKD12,150,000 (equivalent to approximately RMB13,000,000) and HKD52,850,000 (equivalent to approximately RMB56,550,000) respectively.

(a) 根據中國證券監督管理委員會於二零零三年六月四日發出的批文，本公司所有已發行及繳足股份(即37,000,000股每股面值人民幣1.00元的普通股)拆細為370,000,000股每股面值人民幣0.10元的普通股。

(b) 於二零零三年十一月十四日，本公司開始於聯交所創業板買賣130,000,000股新發行每股面值人民幣0.10元的H股，其中包括117,000,000股H股以配售方式配售予機構投資者及13,000,000股H股根據公開發售按發售價每股港幣0.50元(約相當於人民幣0.535元)向香港公眾人士提呈以供認購，現金總代價為港幣65,000,000元(約相當於人民幣69,550,000元)。發行後，本公司的股本及資本儲備分別增加約港幣12,150,000元(約相當於人民幣13,000,000元)及港幣52,850,000元(約相當於人民幣56,550,000元)。

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35. ACQUISITION OF A SUBSIDIARY

On 1 January 2006, the Group acquired 66.7% of the issued share capital of Denuo for a consideration of approximately RMB667,000. The acquisition had been accounted for using the purchase method of accounting. The amount of goodwill arising as a result of the acquisition was approximately RMB103,000.

The fair value of the identifiable assets and liabilities of the subsidiary acquired have no significant differences from their respective carrying amounts. The net assets acquired in the transactions, and the goodwill arising, are as follows:

35. 收購附屬公司

於二零零六年一月一日，本集團以代價約人民幣667,000元收購德諾通訊的已發行股本66.7%。收購以收購會計法入賬。收購所產生的商譽約為人民幣103,000元。

收購附屬公司的可識別資產及負債公平值與其各自之賬面值並無重大差異。有關交易所收購的資產淨值及所產生的商譽如下：

| | | RMB'000 人民幣千元 |
|---|-------------------------------|------------------|
| Net assets acquired: | 所收購的資產淨值： | |
| Plant and equipment | 廠房及設備 | 106 |
| Prepayments, deposits and other receivables | 預付款項、按金及其它 應收賬款 | 1,021 |
| Bank balances and cash | 銀行結餘及現金 | 476 |
| Amount due to a shareholder | 應付股東款項 | (558) |
| Amounts due to minority shareholders | 應付少數股東權益款項 | (200) |
| | | 845 |
| Minority interests | 少數股東權益 | (281) |
| Goodwill | 商譽 | 103 |
| Total consideration satisfied by cash | 以現金支付的總代價 | 667 |
| Net cash outflow arising from acquisition: | 收購所產生的現金流出淨額： | |
| Cash consideration paid | 已付現金代價 | (667) |
| Bank balances and cash acquired | 所收購銀行結餘及現金 | 476 |
| Net outflow of cash and cash equivalents in respect of acquisition of a subsidiary | 有關收購附屬公司的現金及現金等值項目流出淨額 | (191) |

The goodwill arising from the acquisition of Denuo is attributable to the anticipated future operating synergies from the combination.

The subsidiary had no revenue and contributed RMB1,722,000 to the Group's loss for the year from the date of acquisition to 31 December 2006.

因收購德諾通訊而產生的商譽來自預計業務合併日後產生的營運協同效益。

自收購日期起至二零零六年十二月三十一日止期間，該附屬公司並未能為本集團帶來收益，且為本集團錄得年度虧損人民幣1,722,000元。

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36. CONTINGENT LIABILITIES

At 31 December 2005, the Group had given guarantee to a bank to secure banking facilities of RMB26,000,000 granted to an independent third party. The banking facilities were fully utilised by the third party at 31 December 2005. The banking facilities had expired during the year and no guarantee had been given by the Group as at 31 December 2006.

37. OPERATING LEASES

The Group as lessee

Minimum lease payments paid under operating leases in respect of office premises during the year amounted to RMB840,000 (2005: RMB562,000).

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases are negotiated for a term of two years.

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

| | | 2006 二零零六年 RMB'000 人民幣千元 | 2005 二零零五年 RMB'000 人民幣千元 |
|---------------------------------------|----------------|-----------------------------------|-----------------------------------|
| Within one year | 一年內 | 573 | 566 |
| In the second to fifth year inclusive | 第二至第五年(包括首尾兩年) | 57 | 399 |
| | | 630 | 965 |

The Group as lessor

Rental income earned under operating leases by the Group during the year in respect of office premises and machinery were RMB102,000 and RMB78,000, net of negligible outgoings, respectively. At 31 December 2006, the Group had not contracted with tenants for any future minimum lease payments.

No rental income earned by the Group for the year ended 31 December 2005.

36. 或然負債

於二零零五年十二月三十一日，本集團就一名獨立第三方所獲銀行信貸人民幣26,000,000元而向一家銀行提供擔保。於二零零五年十二月三十一日，該名第三方已全數動用該銀行信貸。年內，該銀行信貸已到期，而於二零零六年十二月三十一日，本集團並無作出任何擔保。

37. 經營租約

本集團作為承租人

年內根據辦公室物業經營租約已付的最低租金為人民幣840,000元(二零零五年:人民幣562,000元)。

經營租約租金指本集團就若干辦公室物業應付的租金。租約的協定期為兩年。

於結算日，本集團根據下列日期到期的不可撤銷經營租約的日後最低租金承擔如下：

本集團作為出租人

年內，本集團根據經營租約就辦公室物業及機器分別賺取租金收入人民幣102,000元及人民幣78,000元(扣除少額開支)。於二零零六年十二月三十一日，本集團並無就任何日後最低租金承擔與租戶訂有任何合約。

截至二零零五年十二月三十一日止年度，本集團並無賺取任何租金收入。

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38. CAPITAL COMMITMENTS

38. 資本承擔

| | | 2006 | 2005 |
|--|---------------|---------------|---------------|
| | | 二零零六年 | 二零零五年 |
| | | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 |
| Commitments in respect of acquisition of property, plant and equipment | 收購物業、廠房及設備的承擔 | | |
| – contracted for but not provided | – 已訂約但未撥備 | 39,296 | 49,544 |
| – authorised but not contracted for | – 已授權但未訂約 | 178 | – |
| | | 39,474 | 49,544 |

39. PLEDGE OF ASSETS

As at 31 December 2006, certain assets of the Group were pledged to secure credit facilities granted to the Group, as follows:–

- (a) legal charges over certain of the Group's prepaid lease payments in respect of medium-term leasehold land with an aggregate net book value of RMB34,920,000 (2005: RMB16,188,000);
- (b) legal charges over certain of the Group's buildings with an aggregate net book value of RMB21,174,000 (2005: RMB22,313,000);
- (c) pledge of certain bank deposits of the Group of RMB101,479,000 (2005: RMB46,709,000); and
- (d) pledge of held-for-trading investments of the Group of RMB505,000 (2005: Nil).

39. 資產抵押

於二零零六年十二月三十一日，本集團將下列若干資產抵押，作為本集團所獲信貸的擔保：

- (a) 本集團就若干賬面淨值合共人民幣34,920,000元（二零零五年：人民幣16,188,000元）的中期租賃土地的預付租金作法定抵押；
- (b) 本集團就若干賬面淨值合共人民幣21,174,000元（二零零五年：人民幣22,313,000元）的樓宇作法定抵押；
- (c) 本集團若干銀行存款人民幣101,479,000元（二零零五年：46,709,000元）的抵押；及
- (d) 本集團持作買賣投資人民幣505,000元（二零零五年：無）的抵押。

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40. RETIREMENT BENEFIT SCHEMES

The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. The Group is required to make monthly contributions to the defined contribution retirement scheme calculated at 20% of the basic salaries of the employees, and employees are required to contribute 8% of their basic salaries to the retirement scheme. The Group has no obligations for further pension payments or any post retirement benefits beyond these contributions. The retirement benefits are paid directly from the scheme assets to the retired employees and are calculated by reference to their monthly basic salaries at the date of retirement and length of periods of services rendered. The contributions are charged to the consolidated income statement as they become payable in accordance with the rules of the central pension scheme.

For the Group's subsidiary in Hong Kong, it operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the subsidiary in an independently administered fund. The employer contributions from the subsidiary vest fully with the employees when contributed into the MPF Scheme.

The total cost charged to income statement of approximately RMB650,000 (2005: RMB972,000) represents contributions payable to these schemes by the Group in respect of the current accounting period.

40. 退休福利計劃

本集團在中國經營的附屬公司的僱員均須參與地方市政府管理的中央退休金計劃。本集團須每月按僱員基本薪金的20%向定額供款退休計劃供款，而僱員則須按其基本薪金的8%向退休計劃供款。除供款外，本集團毋須進一步支付退休金或任何退休後福利。退休福利直接由計劃資產付予退休僱員，有關金額按退休當日的基本月薪及服務年資計算。供款於根據中央退休金計劃規則應付時自綜合收益表扣除。

本集團的香港附屬公司根據強制性公積金計劃（「強積金計劃」）條例為合資格參加強積金計劃的僱員設立定額強積金計劃。供款金額按僱員的基本薪金的若干百分比計算，並於根據強積金計劃規則應付時自收益表扣除。強積金計劃的資產與該附屬公司的資產分開持有，由獨立管理基金管理。該附屬公司的僱主供款於向強積金計劃供款時全數歸僱員所有。

自收益表扣除的總成本約為人民幣650,000元（二零零五年：人民幣972,000元），即本集團於本會計期間須向該等計劃作出的供款。

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41. RELATED PARTY TRANSACTIONS

- (a) During the year, the Group had transactions with the following related parties as follows:

41. 關連人士交易

- (a) 年內，本集團與下列關連人士進行的交易如下：

| | | 2006 二零零六年 RMB'000 人民幣千元 | 2005 二零零五年 RMB'000 人民幣千元 |
|--|--|-----------------------------------|-----------------------------------|
| China Ruilian, a shareholder of the Company | 本公司股東中國瑞聯 | | |
| Sales of goods | 銷售貨品 | - | 75 |
| Subcontracting fee received | 已收分包費 | - | 595 |
| Yidong-Solar Technology Limited, an associate | 聯營公司Yidong-Solar Technology Limited | | |
| Sales of goods | 銷售貨品 | 13,262 | 89,402 |
| Service income received | 已收服務收入 | 42 | 42 |
| 屹東利華, a related company | 關連公司屹東利華 | | |
| Sales of goods | 銷售貨品 | - | 980 |

- (b) Compensation of key management personnel
The remuneration of directors and other members of key management during the year was as follows:

- (b) 主要管理人員酬金
年內董事及其它主要管理人員酬金如下：

| | | 2006 二零零六年 RMB'000 人民幣千元 | 2005 二零零五年 RMB'000 人民幣千元 |
|--------------------------|-------|-----------------------------------|-----------------------------------|
| Short-term benefits | 短期福利 | 2,775 | 1,780 |
| Post-employment benefits | 受僱後福利 | 23 | 120 |
| Total remuneration | 酬金總額 | 2,798 | 1,900 |

The remuneration of directors and key executives is determined by having regard to the performance of individuals and market trends.

董事及主要行政人員酬金參考個別員工的工作表現及市場趨勢而釐定。

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41. RELATED PARTY TRANSACTIONS (continued)

Besides, China Ruilian gave corporate guarantees to banks to secure general banking facilities granted to the Group amounting to approximately RMB346,000,000 (2005: RMB89,250,000).

In addition, Mr. Wang Ya Qun gave personal guarantee to a bank to secure banking facilities granted to the Group amounting to approximately RMB20,000,000 (2005: RMB26,850,000).

Details of balances with a shareholder, minority shareholders, associates, directors and related companies at the balance sheet date are set out in the consolidated balance sheet and in notes 24, 25, 26, 27 and 28, respectively.

41. 關連人士交易 (續)

此外，中國瑞聯就本集團所獲一般銀行信貸約人民幣346,000,000元(二零零五年：人民幣89,250,000元)而向銀行提供公司擔保。

此外，王亞群先生就本集團所獲銀行信貸約人民幣20,000,000元(二零零五年：人民幣26,850,000元)而向銀行提供個人擔保。

有關結算日股東、少數股東、聯營公司、董事及關連公司結餘的詳情分別載於綜合資產負債表及附註24、25、26、27及28。

42. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

42. 本公司附屬公司詳情

| Name of subsidiary 名稱 | Class of shares held 所持股份類別 | Place of incorporation/ registration and operation/ establishment 註冊成立/註冊 及營運地點 | Nominal value of paid up issued/ registered/ ordinary capital 已繳已發行/ 註冊普通股本面值 | Attributable equity interest held by the Company | | Principal activities 主要業務 |
|--|--------------------------------|--|--|--|-----------------------|---|
| | | | | Directly 直接 % | Indirectly 間接 % | |
| A-Tech Technology (HK) Limited 屹科科技(香港)有限公司 | Ordinary 普通股 | Hong Kong 香港 | HKD2 港幣2元 | 100% | - | Sale of controller systems for mobile phones 流動電話控制器系統銷售 |
| Denuo 德諾通訊 | Contributed capital 實繳股本 | PRC 中國 | RMB2,000,000 人民幣2,000,000元 | 66.7% | - | Design, research and development of mobile phones 流動電話設計、研究與開發 |
| E-Sync International Ltd | Ordinary 普通股 | Hong Kong 香港 | HKD10,000 港幣10,000元 | - | 51% | Sale of controller systems for mobile phones 流動電話控制器系統銷售 |
| Ningbo Bolang Electrical Appliance Company Limited 寧波波朗電器有限公司 | Contributed capital 實繳股本 | PRC 中國 | RMB10,000,000 人民幣10,000,000元 | 97.3% | - | Manufacture and sale of small electrical appliances 小型電器製造及銷售 |

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42. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (continued) 42. 本公司附屬公司詳情 (續)

| Name of subsidiary 名稱 | Class of shares held 所持股份類別 | Place of incorporation/ registration and operation/ establishment 註冊成立/註冊 及營運地點 | Nominal value of paid up issued/ registered/ ordinary capital 已繳已發行/ 註冊普通股本面值 | Attributable equity interest held by the Company | | Principal activities 主要業務 |
|--|--------------------------------|--|--|--|-----------------------|--|
| | | | | Directly 直接 % | Indirectly 間接 % | |
| Ningbo Hi-Tech Park Yitian Company Limited 寧波市科技園區屹天科技 有限公司 | Contributed capital 實繳股本 | PRC 中國 | RMB1,500,000 人民幣1,500,000元 | 51% | - | Inactive 暫無業務 |
| Ningbo Million Bank Electronic Technical Company Limited 寧波億庫電子科技有限公司 | Contributed capital 實繳股本 | PRC 中國 | USD6,954,008 人民幣6,954,008元 | 51% | 49% | Inactive 暫無業務 |
| Ningbo Yitai Electronic Company Limited 寧波屹泰電子有限公司 | Contributed capital 實繳股本 | PRC 中國 | RMB15,000,000 人民幣15,000,000元 | 51% | - | Research and development and production of controller systems for display devices 顯示設備控制器系統 研究與開發及生產 |
| Shanghai E-Source Telecommunication Company Limited 上海屹朔通訊設備有限公司 | Contributed capital 實繳股本 | PRC 中國 | RMB10,000,000 人民幣10,000,000元 | 97.3% | - | Research and development of controller systems for telecommunications devices 電訊設備控制器系統 研究與開發 |
| Shenzhen Haiyi Communications Technology Co., Ltd | Contributed capital 實繳股本 | PRC 中國 | RMB5,000,000 人民幣5,000,000元 | 65% | - | Inactive 暫無業務 |
| 寧波博碩智能機器人 研究有限公司 | Contributed capital 實繳股本 | PRC 中國 | RMB500,000 人民幣500,000元 | 90% | - | Inactive 暫無業務 |

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

各附屬公司於年終或年內任何時間概無任何未償還債務證券。

Summary of Financial Information

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業績

| | | For the year ended 31 December | | | | | |
|--------------------------------|--------------|--------------------------------|-----------|------------|-----------|------------------|--|
| | | 截至十二月三十一日止年度 | | | | | |
| | | 2002 | 2003 | 2004 | 2005 | 2006 | |
| | | 二零零二年 | 二零零三年 | 二零零四年 | 二零零五年 | 二零零六年 | |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | |
| | | | | (restated) | | | |
| | | | | (重列) | | | |
| Revenue | 收益 | 176,721 | 315,954 | 494,123 | 446,182 | 317,274 | |
| Cost of sales | 銷售成本 | (109,889) | (229,158) | (389,494) | (400,598) | (274,311) | |
| Gross profit | 毛利 | 66,832 | 86,796 | 104,629 | 45,584 | 42,963 | |
| Other income | 其它收入 | 1,047 | 5,781 | 19,314 | 30,296 | 10,049 | |
| Selling and distribution costs | 銷售及分銷成本 | (1,349) | (1,529) | (4,280) | (4,402) | (5,625) | |
| Administrative expenses | 行政開支 | (7,190) | (16,210) | (32,747) | (44,481) | (56,895) | |
| Finance costs | 融資成本 | (2,845) | (3,585) | (4,567) | (10,786) | (17,638) | |
| Share of losses of associates | 應佔聯營公司虧損 | - | - | (33) | (128) | - | |
| Profit (loss) before tax | 除稅前溢利(虧損) | 56,495 | 71,253 | 82,316 | 16,083 | (27,146) | |
| Income tax (expense) credit | 所得稅(開支)抵免 | (19,632) | (24,032) | (27,176) | (12,032) | 3,901 | |
| Profit (loss) for the year | 年內溢利(虧損) | 36,863 | 47,221 | 55,140 | 4,051 | (23,245) | |
| Attributable to: | 應佔: | | | | | | |
| Equity holders of the Company | 本公司股權 持有人 | 36,863 | 47,117 | 56,317 | 7,241 | (21,087) | |
| Minority interests | 少數股東權益 | - | 104 | (1,177) | (3,190) | (2,158) | |
| | | 36,863 | 47,221 | 55,140 | 4,051 | (23,245) | |

Summary of Financial Information

財務資料摘要

ASSETS, LIABILITIES AND EQUITY

資產、負債及權益

| | | At 31 December | | | | |
|--|----------|----------------|-----------|-----------|-----------|------------------|
| | | 十二月三十一日 | | | | |
| | | 2002 | 2003 | 2004 | 2005 | 2006 |
| | | 二零零二年 | 二零零三年 | 二零零四年 | 二零零五年 | 二零零六年 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| | | (restated) | | | | |
| | | (重列) | | | | |
| Total assets | 資產總值 | 163,876 | 404,506 | 452,758 | 691,400 | 795,228 |
| Total liabilities | 負債總額 | (104,562) | (240,253) | (238,934) | (480,885) | (607,688) |
| | | 59,314 | 164,253 | 213,824 | 210,515 | 187,540 |
| Equity attributable to equity holders of the Company | 本公司股權持有人 | 56,864 | 158,514 | 205,571 | 203,652 | 184,140 |
| Minority interests | 少數股東權益 | 2,450 | 5,739 | 8,253 | 6,863 | 3,400 |
| | | 59,314 | 164,253 | 213,824 | 210,515 | 187,540 |

Certain amounts for the year 2004 have been restated to reflect the adoption of the new and revised HKFRSs.

二零零四年若干金額已重列，以反映採納新訂及經修訂香港財務報告準則。